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Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2017

Government of West Bengal

Report No. 2 of the year 2018

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Comptroller and Auditor General of India

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PREFACE

This report deals with results of audit of Government Companies and Statutory Corporations for the year ended March 2017.

The accounts of the Government Companies (including companies deemed to be government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956 and Section 139 and 143 of the Companies Act 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Statutory Corporation are submitted to the Government of West Bengal by CAG for laying before the State Legislature under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Under the provisions of the related Acts establishing the Statutory Corporations, CAG is the sole auditor for seven Statutory Corporations in the state.

The instances mentioned in this Report are those, which came to notice in course of test audit for the period 2016-17, as well as those, which came to notice in earlier years, but could not be reported in previous Audit Reports. Matters relating to the period subsequent to 2016-17 have also been included, wherever necessary.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

1. Functioning of State Public Sector Undertakings

As on 31 March 2017, there were 92 State Public Sector Undertakings (PSUs) in West Bengal which comprised of 73 working PSUs (including nine Statutory Corporations) and 19 non-working PSUs (including one Statutory Corporation). During 2016-17, the working PSUs registered a turnover of ₹ 35,271.91 crore which was equal to 2.82 *per cent* of Gross State Domestic Product (GSDP). Further, the total turnover was 89.42 *per cent* of the aggregate investment (₹ 39,443.37 crore) in these working PSUs. They had employed 0.47 lakh employees as of March 2017. The return on equity of the working PSUs stood negative at 1.77 *per cent*.

(Paragraph 1.1)

Investments in PSUs

As on 31 March 2017, total investment of the Government in 92 PSUs was ₹ 40,611.43 crore. Power sector accounted for 72.40 *per cent* of total investment in 2016-17. During 2016-17, State Government provided financial support of ₹ 3,894.34 crore to PSUs towards equity, loans and grants/ subsidies.

(Paragraphs 1.4 and 1.6)

Arrears in finalisation of accounts

The Companies Act 2013 applicable Acts require PSUs to finalise their accounts, get them audited and presented to the Legislature in a time-bound manner. The State Government appoints the Chief Executive and Directors to the Board, who then are responsible for preparation of the PSUs' accounts. The accounts of 40 working PSUs were in arrears for periods ranging from one to nine years. Hence, the management had failed in this responsibility. There were 19 non-working PSUs of which 13 PSUs had arrears of accounts for one to 11 years.

(Paragraph 1.8)

Performance of PSUs

Out of 73 working PSUs, only 33 PSUs prepared accounts for 2016-17 as of September 2017. During 2016-17, 21 PSUs earned profit of ₹ 621.59 crore, 11 PSUs incurred loss of ₹ 665.34 crore and one[1] PSU incurred nominal loss. The total accumulated losses of 30 out of 73 working PSUs was ₹ 9,026.60 crore that exceeded their paid-up capital of ₹ 1,717.68 crore.

(Paragraph 1.11)

[1] West Bengal Dairy and Poultry Development Corporation Limited incurred loss of ₹ 26,611.12 only in 2016-17.

Follow up actions on Audit Reports

Audit Reports were not being laid before the Legislature in a timely manner as Audit Reports pertaining to the years 2011-12 and 2012-13 were laid together in July 2014. Similarly, Audit Reports of 2013-14 and 2014-15 were laid together in July 2016. The pattern indicates that the State Government had reduced the laying of Audit Reports to a biennial exercise. This goes against constitutional and statutory obligations of the State Government.

(Paragraph 1.15)

2. Performance Audit relating to Government Companies

Management of works by three PSUs

Introduction

Mackintosh Burn Limited (MBL), Westinghouse Saxby Farmer Limited (WSFL) and Britannia Engineering Limited (BEL) are three PSUs (PSUs) under the Public Works Department (PWD), Government of West Bengal (GoWB). These three PSUs plan, manage and execute construction works across the state, predominantly in the public sector. All the recommendations made in the Performance Audit, were accepted by the Government in December 2017.

Lack of due diligence in preparing estimates and framing terms and conditions of contracts

- PWD guidelines were not followed for preparing estimates for formulating bids to tenders. This led to loss of ₹ 5.11 crore.
- BEL did not include defect liability period in the agreements for 15 works. This was in violation of the PWD guidelines. Similarly, specification of machinery to be provided at site was not mentioned in 15 sub-contracts of MBL and BEL.
- Time schedule for taking over the completed works were to be included in 28 agreements formed by BEL and WSFL. However, no schedules were included in these agreements. Thirteen completed works were yet to be taken over by clients. This led to undue extension in defect liability period.

(Paragraph 2.8)

Execution of works

- The PSUs completed only eight to 33 *per cent* of works within schedule, remaining works were either completed with delays or were yet to be completed. In respect of 86 works completed beyond schedule, the clients had not released the payment of ₹ 62.44 crore.

- Works valued at ₹ 911.49 crore were behind schedule. This was on account of the work sites not being free from all encumbrances and delay in receipt of approved design drawings.

- The delay in execution resulted in imposition of liquidated damages of ₹ 3.33 crore, cost overrun amounting to ₹ 6.56 crore and termination of projects at a loss of ₹ 1.24 crore.

- Defects were noticed within three to 21 months of the completion of construction in 36 works executed by all three PSUs. Management did not provide information about the costs involved in rectification.

- E-tendering process for hiring sub-contractors was not followed in any of the works tendered by MBL during 2014-15 to 2016-17. MBL sub-contracted 13 works valued at ₹ 33.17 crore on the basis of single bids. Hence, no assurance on competitiveness of bids could be obtained.

- MBL had issued 46.24 *per cent* orders (80 out of 173 orders exceeding ₹ 10 lakh) valued at ₹ 18.27 crore, on the basis of single quotation. This resulted in extra expenditure of ₹ 2.46 crore.

- MBL executed additional works valued at ₹ 26.88 crore without prior approval of clients.

(Paragraph 2.9)

Financial Management

- The three PSUs had not raised running account bills for ₹ 134.15 crore for the portion of work completed in 86 ongoing works.

- Funds amounting to ₹ 31.69 crore, for agency works undertaken on behalf of State Government, were not received till March 2017. This hindered the progress of work.

- MBL and WSFL completed 109 agency works but had not claimed agency fees amounting to ₹ 22.91 crore.

- The three PSUs undercharged agency fees by ₹ 4.38 crore.

(Paragraph 2.10)

Monitoring of works and existence of internal controls

- Progress reports were maintained for only 23 *per cent* of works by MBL, the other two PSUs did not prepare progress reports of ongoing works.

- None of the site offices maintained registers as required.

- Adequate staff at site offices for supervision as per the norm fixed by GoWB was not deployed, leading to shortfalls in inspection.

(Paragraph 2.11)

Hence, audit of management of works by three PSUs revealed that due diligence was not observed in preparing estimates to bid for tenders and contract documents were not properly formulated. Delays in execution of works, imprudent purchase of materials, non-recovery of agency fees, lack of monitoring *etc.* were also noticed.

3. Compliance Audit

Compliance audit observations included in this Report highlight deficiencies in the management of PSUs, which had serious financial implications. The irregularities pointed out include:

Vehicular Emission by State Transport Undertakings (STUs) in West Bengal

- Transport Department had not prepared requisite action plans to (i) protect and safeguard the environment from pollution and (ii) mitigate green-house gas emissions arising out of vehicular emissions in operation of its STUs as stated in the Environmental Policy Statement and the State Action Plan.

(Paragraph 3.1.4.1)

- GoWB failed to create compressed natural gas (CNG)/coal bed methane (CBM) distribution network for CNG buses. This led to flaring of 2.81 lakh tonnes of CBM *i.e.* 39.12 *per cent* of production in 2015-16 and 2016-17 which could have been utilised for operation of 7,812 CNG buses annually.

(Paragraph 3.1.4.2)

- Audit noticed non-phasing out of BS-I, II and III buses and non-compliance with the testing norms of Pollution Under Control Certification.

(Paragraphs 3.1.5.1 and 3.1.5.2)

Compliance with rules made under Mines and Minerals (Development and Regulation) Act, 1957 by West Bengal Mineral Development and Trading Corporation Limited (Company)

- Out of 95 milestones fixed for commencement of production in six coal blocks, only 15 were achieved in time. Achievement of 38 were delayed and 42 were not achieved.

(Paragraph 3.2.3.1)

- There was a delay of 12 years in execution of lease deed for extraction of granite at Bara Panjania, Purulia. The Company had forgone revenue of ₹ 14.81 crore from the date of grant of lease upto the date of start of actual quarrying.

(Paragraph 3.2.4.2)

- The Company had allowed irregular and unjustified waivers aggregating to ₹ 52.60 crore to "raising contractors for coal".

(Paragraphs 3.2.5.1 and 3.2.5.2)

Follow-up Audit: Performance audit on production and marketing performance of Saraswaty Press Limited (SPL)

Introduction

A Performance Audit on the 'Production and Marketing performance of **Saraswaty Press Limited**' was incorporated as Paragraph 2.3 in the Report of the Comptroller and Auditor General of India (Commercial), Government of West Bengal for the year ended 31 March 2008. The Report was laid in the West Bengal Legislative Assembly in July 2009. Government of West Bengal accepted all the observations/ recommendations and assured to take action for improvement of performance. The Committee on Public Undertakings had not discussed the Performance Audit till date.

Audit Findings

- None of the recommendations made by audit during the previous audit were fully implemented.

Production planning and optimal utilisation of press / binding section machinery

- In the press section, the annual standard production capacity was planned at only one-third of the installed capacity. Against this, the actual production was only 40.10 to 56.76 *per cent* of the planned standard production. This indicated very low capacity utilisation. Similarly, in the binding section, achievement was between 60.56 and 64.56 *per cent* of targets.

- Lack of production planning through the Enterprise Resources Planning system led to belated delivery of textbooks. The textbooks were delivered after 31 to 148 days of commencement of academic sessions.

- SPL hired machinery at annual hire charges of ₹ 2.14 crore. That machinery was underutilised, leading to unproductive expenditure of ₹ 1.50 crore *per* year.

(Paragraph 3.3.3)

Sub-contracting

- Both the PSUs (SPL and its subsidiary West Bengal Text Book Corporation Limited) had sub-contracted work to other entities, totaling ₹ 101.31 crore. This was inconsistent with their commitment to stop outsourcing.

(Paragraph 3.3.4)

Revamping the incentive schemes to ensure increase in productivity and reduce overtime

- The standard production targets were set lower than the installed production capacity by 62.68 to 69.15 *per cent* during 2014-17. During these three years, on an average, each employee received incentives of ₹ 30,875 for no additional achievements.

- On an average, 120 out of 130 employees were engaged in overtime work of more than fifty hours in a quarter. This violated the statutory norms. SPL/ WBTBCL paid overtime allowance of ₹ 5.25 crore on this account to 106 to 145 employees.

(Paragraph 3.3.5)

Introduction of sales and realisation target for the marketing agents

- Jobs amounting to ₹ 9.56 crore relating to printing of books were executed without any formal order or agreement. The client did not make the payment.

(Paragraph 3.3.7.1)

Strengthening of monitoring mechanism

- Lack of monitoring over generation of scrap paper led to loss of ₹ 23.62 crore.

(Paragraph 3.3.8.1)

- Raising invoices after time lags of 14 to 268 days from their dates of delivery resulted in delayed realisation of payment. Consequently, bearing the burden of additional interest of ₹ 1.78 crore paid to the banks against the borrowed capital.

(Paragraph 3.3.8.2)

Gist of other important audit observations is given below:

- Non-inclusion of exchange rate variation clause in the tender document led to extra expenditure of ₹ 156.76 crore by **West Bengal Power Development Corporation Limited.**

(Paragraph 3.4)

- **West Bengal Power Development Corporation Limited** failed to give requisite three months' advance notice to ECL for renovation and short lifting of coal. This led to payment of avoidable compensation of ₹ 80.97 crore.

(Paragraph 3.5)

- Non-recovery of advances in time-based manner led to loss of interest of ₹ 4.06 crore to **West Bengal State Electricity Transmission Company Limited**.

(Paragraph 3.7)

- **West Bengal Highway Development Corporation Limited** failed to float and finalise the tender well in advance for the collection of toll charges. This led to avoidable loss of revenue of ₹ 2.56 crore.

(Paragraph 3.9)

CHAPTER I

CHAPTER I

1. Functioning of State Public Sector Undertakings

1.1 Introduction

State Public Sector Undertakings (PSUs) comprise State Government Companies[1] and Statutory Corporations. State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people; they occupy an important place in the state economy. During the year 2016-17, three PSUs were added to audit jurisdiction[2]. As on 31 March 2017, there were 92 PSUs in West Bengal. The details of the State PSUs in West Bengal as on 31 March 2017 are as follows:

Table 1.1: Total number of PSUs as on 31 March 2017

Type of PSUs	Working	Non-working PSUs	Total PSUs
Government Companies	64	18	**82**
Statutory Corporations	9	1	**10**
Total	**73**	**19**	**92**

The working PSUs registered a total turnover of ₹ 35,271.91 crore during the year 2016-17 as per their latest finalised accounts (September 2017). This turnover was equal to 2.82 *per cent* of Gross State Domestic Product (GSDP)[3] for 2016-17. Further, the total turnover was 89.42 *per cent* of the aggregate investment (₹ 39,443.37 crore) in these working PSUs. The working PSUs incurred aggregate losses of ₹ 189.89 crore as per their latest finalised accounts (September 2017). Their Return on Equity[4] (RoE) was negative at 1.77 *per cent*. They had employed 47,377 employees at the end of March 2017. Only one PSU[5] was listed on the Calcutta Stock Exchange.

As on 31 March 2017, there were 19 PSUs that were non-working[6] for the last two to 11 years. The total investment in these non-working PSUs was ₹ 1,168.06 crore.

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1 Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

2 Bengal Birbhum Coalfields Limited, Biswa Bangla Marketing Corporation Limited and West Bengal Biotech Development Corporation Limited.

3 Gross State Domestic Product at current prices (Advance Estimates) - ₹ 12,51,067.42 crore. (**Source :** Economic Review 2016-17, Government of West Bengal).

4 Percentage of aggregate net loss after taxes for the year as per latest accounts of working PSUs and preference dividend to total shareholders' fund (paid-up share capital, share application money and free reserves and surplus as reduced by accumulated losses and deferred revenue expenditure).

5 WEBFIL Limited.

6 Non-working PSUs are those which have ceased to carry on their operations.

1.2 Accountability framework

A Government Company or any other Company owned or controlled[7], directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. The process of audit of Government Companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, a Government Company is any company in which not less than fifty-one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/ Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company which is a subsidiary company of such a Government Company.

Further, as per sub-section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-section 5 or sub-section 7 of Section 139, if considered necessary, by an order, cause test audit to be conducted on the accounts of such Company. The provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

1.2.1 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, appointed by CAG as per the provisions of Section 139 (5) or (7) of the Act who shall submit a copy of the Audit Report to the CAG including the financial statements of the Company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Out of nine working Statutory Corporations, CAG is the sole auditor for seven Corporations[8].

7 Control is defined in Section 2(27) of the Companies Act 2013. Also see General Circular No. 33/2014 of 31 July 2014 of Ministry of Corporate Affairs, Government of India.

8 Calcutta State Transport Corporation, South Bengal State Transport Corporation, North Bengal State Transport Corporation, West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation, West Bengal Minorities Development and Finance Corporation, West Bengal Backward Classes Development and Finance Corporation and West Bengal Industrial Infrastructure Development Corporation.

In respect of the remaining two[9] working statutory corporations, audit is conducted by Chartered Accountants and supplementary audit by CAG. In the case of one non-working corporation, *i.e.*, Great Eastern Hotel Authority, only compliance audit is undertaken by the CAG.

1.2.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG , in respect of State Government companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 39(4) of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

1.3 Stake of Government of West Bengal

The State Government has a financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

1.4 Investment in State PSUs

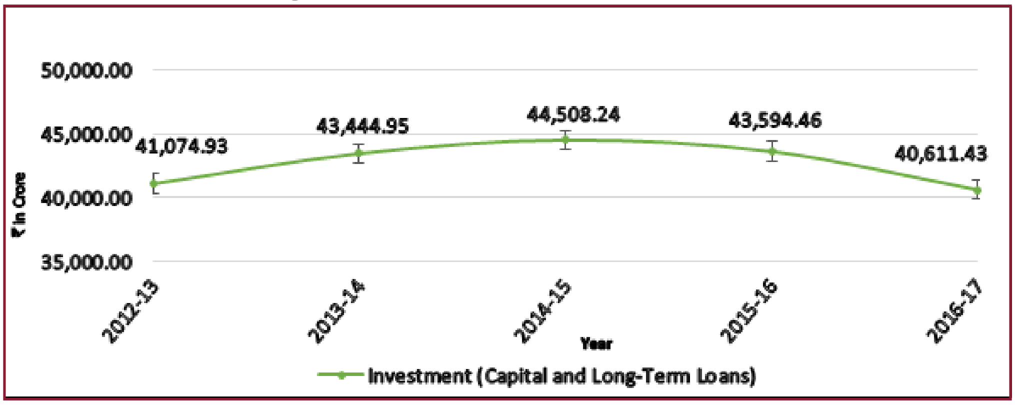
As on 31 March 2017, the investment (capital and long-term loans) in 92[10] PSUs was ₹ 40,611.43 crore. As on 31 March 2017 of the total investment in state PSUs, 97.12 *per cent* was in working PSUs and the remaining 2.88 *per cent* in non-working

[9] West Bengal State Warehousing Corporation and West Bengal Financial Corporation.

[10] The investment was calculated as per information submitted by the PSUs as well as the current accounts submitted by them. However, four working PSUs had not submitted the information as sought for.

PSUs. This total investment consisted of 36.20 *per cent* towards capital and 63.80 *per cent* in long-term loans. Investment had gone up from ₹ 41,074.93 crore in 2012-13 to ₹ 44,508.24 crore in 2014-15 and thereafter declined to ₹ 40,611.43 crore in 2016-17, as shown in **Figure 1.1** as follows:

Figure 1.1: Total investment in PSUs



The annual average compound rate of decline of investment from 2012-13 to 2016-17 was 0.23 *per cent*.

1.4.1 Sector-wise summary of investment

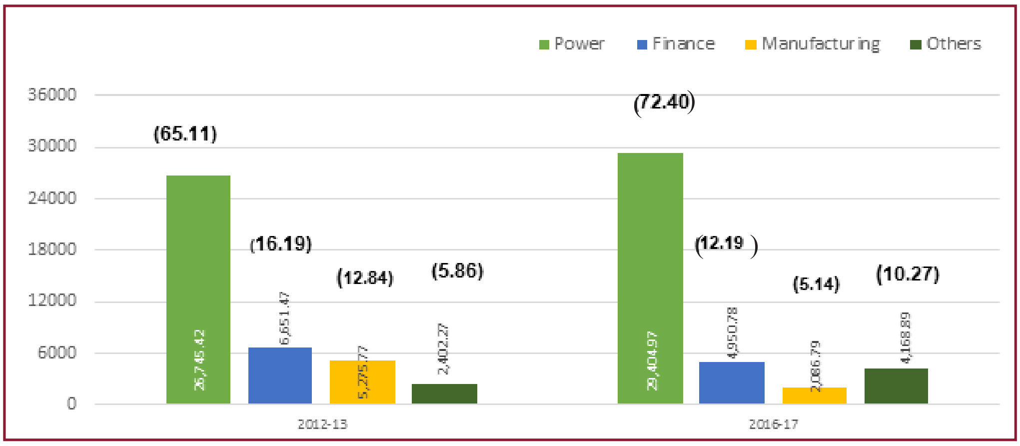
The sector wise summary of investments in the state PSUs as on 31 March 2017 is given in **Table 1.2**.

Table 1.2: Sector-wise investment in PSUs (₹ in crore)

Name of Sector	Government Companies		Statutory Corporations		Total Investment
	Working	Non-Working	Working	Non-Working	
Power	29,404.92	0.05	Nil	Nil	29,404.97
Manufacturing	1,141.96	944.83	Nil	Nil	2,086.79
Finance	2,800.41	51.89	2,098.48	Nil	4,950.78
Service	1,123.63	Nil	1,073.42	16.34	2,213.39
Infrastructure	1,510.93	Nil	96.34	Nil	1,607.27
Agriculture and Allied	107.28	154.55	7.61	Nil	269.84
Miscellaneous	78.39	Nil	Nil	Nil	78.39
Total	**36,167.52**	**1,151.72**	**3,275.85**	**16.34**	**40,611.43**

The investment in different sectors and percentage thereof at the end of 31 March 2013 and 31 March 2017 are indicated in **Figure 1.2.**

Figure 1.2: Sector-wise investment in PSUs (₹ in crore)



The thrust of PSU investment was mainly in power sector which increased from 65.11 *per cent* to 72.40 *per cent* during 2012-13 to 2016-17. In absolute terms, investments rose by ₹ 2,659.55 crore in power sector during the period 2012-17 while it declined by ₹ 1,700.69 crore and ₹ 3,188.98 crore in finance and manufacturing sectors respectively during the same period.

1.5 Disinvestment, Restructuring and Privatisation of PSUs and reforms in power sector

The Government of West Bengal had decided (February 2017) to restructure state PSUs for improving operational efficiency and optimally utilising their manpower/ assets. It planned to restructure/ merge 45 PSUs with other PSUs and to continue the operations of 44 PSUs. Accordingly, standard operating procedures (SOPs) were issued in June 2017. Cabinet decision was taken for 100 *per cent* stake sale of one working PSU[11] and formal closure of two working PSUs[12]. Till September 2017, application for amalgamation of 10 PSUs had been filed with the National Company Law Tribunal. Further developments were awaited (November 2017). To initiate corporate insolvency process, insolvency suit was filed against one PSU[13] by its financial creditor.

1.6 Special support and returns during the year

The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of state PSUs for three years ended 2016-17 are given in **Table 1.3.**

[11] Durgapur Chemicals Limited.

[12] National Iron and Steel Company (1984) Limited and Neo Pipes and Tubes Company Limited.

[13] West Bengal Essential Commodities Supply Corporation Limited.

Table 1.3: Details regarding budgetary support to PSUs (₹ in crore)

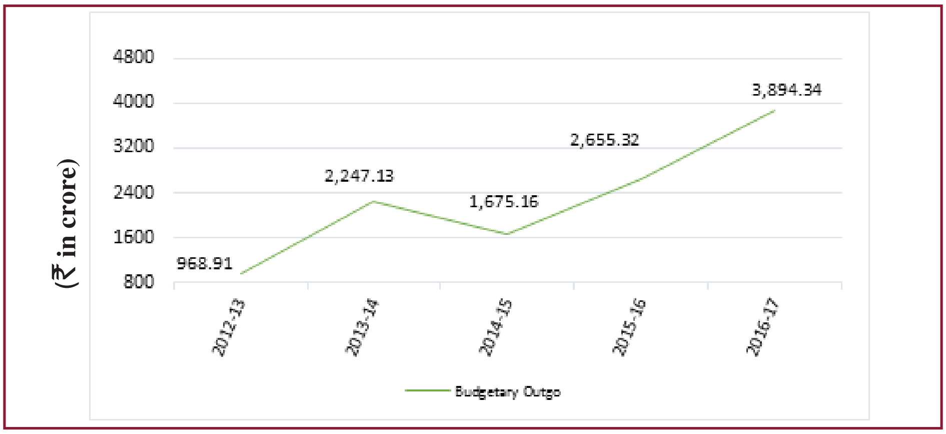
Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	15	236.90	13	968.60	17	554.71
2.	Loans given from budget	29	490.07	28	716.83	24	2,171.98
3.	Grants/ Subsidy from budget[14]	24	948.19	23	969.89	29	1,167.65
4.	**Total Outgo (1+2+3)15**	**48***	**1,675.16**	**50***	**2,655.32**	**52***	**3,894.34**
5.	Loans converted into Equity	1	500.00	Nil	Nil	Nil	Nil
6.	Guarantees issued	Nil	Nil	4	2,022.74	1	150.00
7.	Guarantee Commitment	19	8,060.49	16	5,219.16	10	3,270.81

***Some of the PSUs received assistance under more than one head**

1.6.1 Trend of budgetary outgo

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in **Figure 1.3.**

Figure 1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



Budgetary outgo towards equity, loans and grants/ subsidies increased from ₹ 968.91 crore in 2012-13 to ₹ 3,894.34 crore in 2016-17. Significant beneficiaries

14 Amount represents outgo from the State Budget only.

15 The figure represents number of PSUs which have received outgo from the State Budget under one or more heads, *i.e*, equity, loans, grants and subsidies.

of equity, loans and subsidy/ grants from the state budget were four[16] PSUs in the power sector, which had received 52.40 *per cent* (₹ 2,040.76 crore).

1.6.2 Guarantee commission payable by PSUs to the State Government

PSUs are liable to pay guarantee commission at the rate of one *per cent per annum* to the State Government on the outstanding amount of loan guaranteed as of 31 March. At the end of 2016-17, guarantee commitment by the Government was ₹ 3,270.81 crore in respect of 10 PSUs. During the year, two PSUs paid guarantee commission of ₹ 0.34 crore to the State Government while ₹ 25.92 crore was outstanding from 13 PSUs.

1.7 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of state PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2017 is shown in **Table 1.4**:

Table 1.4: Equity, loans, guarantees outstanding as per finance accounts vis-a-vis records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	12,602.15	14,506.10	1,903.95
Loans	9,477.09	4,909.74	4,567.35
Guarantees	5,638.42	3,270.81	2,367.61

Audit observed that the differences occurred in respect of various PSUs and some of the differences were pending reconciliation for many years. No action had been taken for reconciliation even though the matter was brought to the notice of the concerned administrative departments and the managements of the concerned PSUs.

1.8 Arrears in finalisation of accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.*, by September end in accordance with the provisions of Section 96 (1) the Act. The Chief Executive and Directors to the Board appointed by the State Government are responsible for

[16] The West Bengal Power Development Corporation Limited: ₹ 1,851.90 crore; The Durgapur Projects Limited: ₹ 59.37 crore; West Bengal State Electricity Distribution Company Limited: ₹ 114.57 crore and West Bengal State Electricity Transmission Company Limited: ₹ 14.92 crore.

preparation of the PSUs' accounts, with the administrative departments responsible for monitoring compliance. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 1.5 provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2017.

Table 1.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Number of Working PSUs	74	74	73	70	73
2.	Number of accounts finalised during the year	74	83	69	61	79
3.	Number of accounts in arrears	67	60	64	72	77
4.	Number of Working PSUs with arrears in accounts	43	36	40	41	40
5.	Extent of arrears (numbers in years)	1 to 4	1 to 5	1 to 5	1 to 6	1 to 9
6.	Number of PSUs having up to date accounts in respective years.	31	38	33	29	33

It can be observed that the number of accounts in arrears has increased from 67 (2012-13) to 77 (2016-17). It would be seen from **Annexure 1** that till September 2017, the accounts of 40 working PSUs were in arrears. The arrears pertained to the period ranging from one to nine years. Several correspondences and meetings were held with the PSUs' Managements and their Statutory Auditors to pull up the arrear accounts. But these PSUs did not adhere to their action plans with regard to pulling up arrears. The Administrative Departments concerned were also pursued for finalisation of arrear accounts in a time bound manner. Concrete steps should be taken by the PSUs for preparation of accounts as per statutory requirements with special focus on clearance of arrears in a time bound manner.

1.8.1 Government investment in working PSUs with arrears in accounts

The State Government had invested ₹ 2,055.90 crore in 40 working PSUs {equity: ₹ 34.50 crore, loans: ₹ 562.50 crore and grants ₹ 1,458.90 crore} during the years for which accounts have not been finalised as detailed in **Annexure 1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose, for which the amount was invested, was achieved or not. Thus, Government's investment in such PSUs remained outside the control of State Legislature.

1.8.2 Arrears in accounts of non-working PSUs

In addition to above, as on 30 September 2017, there were arrears from one year to 11 years in finalisation of accounts by 13 out of 19 non-working PSUs. Six non-working PSUs had up-to-date accounts while 13 PSUs had arrears of 60 accounts ranging over the years from 2006-07 to 2016-17.

The issue was pursued on a regular basis and the status intimated to the Chief Secretary to the Government of West Bengal (October 2016, May 2017 and November 2017). Responsibility needs to be fixed for failure to prepare accounts in time to safeguard the assets of these PSUs.

1.9 Placement of Separate Audit Reports

The status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2017) on the accounts of Statutory Corporations in the Legislature has been shown in **Annexure 2**. Twenty-two SARs in respect of the 10 Statutory Corporations have not either been issued to Government or placed in the Legislature. Audit was in progress in respect of 13 accounts. In case of nine accounts, SARs have been issued to Government during April 2015 to September 2017. These are yet to be placed in the State Legislature. Accounts in respect of one Statutory Corporation are pending since 2013-14 onwards.

1.10 Impact of non-finalisation of accounts

As pointed out above (**Paragraph 1.8**), the delay in finalisation of accounts may also result in risk of fraud and wastage of public money, apart from violation of the provisions of the relevant statutes. In view of the above, state of arrears of accounts, the actual contribution of PSUs to the state GDP for the year 2016-17 could not be ascertained and their contribution to state exchequer was also not reported to the State Legislature.

1.11 Performance of PSUs as per their latest finalised accounts

The financial position and working results of Government Companies and Statutory Corporations are detailed in **Annexure 3**. A ratio of PSU turnover to state GDP shows the extent of PSU activities in the State Economy. The details of turnover of working PSUs with up-to-date accounts and state GDP for a period of five years ending 2016-17 were as depicted in **Table 1.6**.

Table 1.6: Details of working PSUs' turnover vis-a-vis state GDP

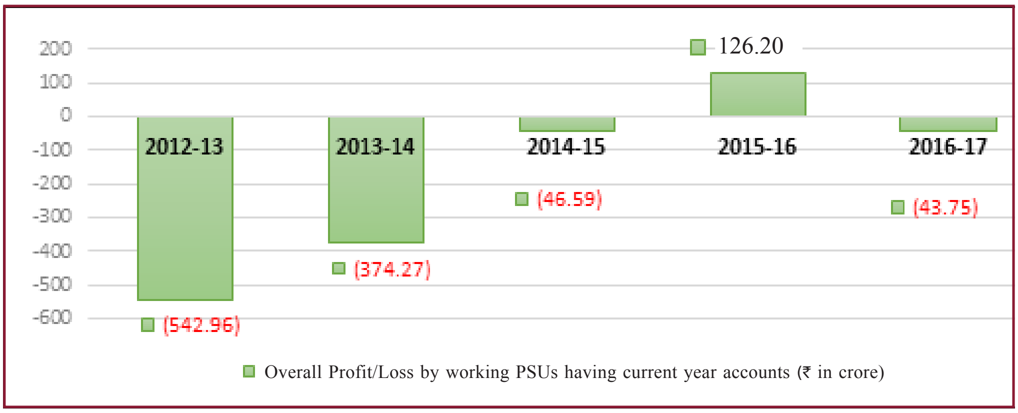
(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover[17] (No. of working PSUs having up-to-date accounts)	36,755 (31)	37,213 (38)	28,079 (33)	26,217 (29)	31,113 (33)
State GDP	5,76,865	7,07,848	8,00,868	10,39,923	12,51,067
Percentage of Turnover to state GDP	6.37	5.26	3.51	2.52	2.49

As such, in respect of state GDP, the percentage of turnover of working PSUs with up-to-date accounts had declined in a regular manner from 2012-13 to 2016-17.

1.11.1 Trend of aggregate profits earned/ losses incurred by working PSUs

Figure 1.4 : Overall profit/ losses incurred by working state PSUs during 2012-13 to 2016-17



During the year 2016-17, there were 33 working PSUs with up-to-date accounts, of which 21 PSUs earned profit of ₹ 621.59 crore and 11 PSUs incurred loss of ₹ 665.34 crore while one PSU[18] incurred nominal loss. The major contributors to profit were West Bengal State Electricity Transmission Company Limited (₹ 371.17 crore) and West Bengal Power Development Corporation Limited (₹ 107.85 crore). Heavy losses were incurred by The Durgapur Projects Limited (₹ 536.12 crore), Durgapur Chemicals Limited (₹ 26.75 crore) and West Bengal State Electricity Distribution Company Limited (₹ 25.29 crore).

1.11.2 Trend of key parameters of working PSUs with up-to-date accounts

Some other key parameters of working PSUs having up-to-date accounts in respective years during 2012-13 to 2016-17 are as shown in **Table 1.7**:

[17] Turnover as per the current finalised accounts as of 30 September of respective years.

[18] Sl. No. 1 of **Annexure 3**

Table 1.7: Key Parameters of state PSUs

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital Employed[19] ***(Per cent)***	2,412.78 (6.44)	2,769.55 (6.51)	2,984.14 (7.40)	2,901.99 (7.06)	3,506.34 (10.19)
Debt	25,296.12	26,232.94	23,604.19	22,185.77	20,549.01
Turnover[20]	36,755.18	37,212.69	28,079.44	26,217.46	31,113.19
Debt/ Turnover Ratio	0.69:1	0.70:1	0.84:1	0.85:1	0.66:1
Interest Payments	2,957.97	3,143.82	3,029.73	2,775.79	3,549.98
Accumulated Profits /(-)losses	(-)1,751.90	(-)2,644.97	(-)190.07	126.20	100.67

1.11.3 Aggregate profits/ losses in working PSUs with arrears in accounts

In respect of those PSUs having arrears in accounts, 20 working PSUs earned profit of ₹ 204.32 crore while 19 working PSUs incurred losses of ₹ 350.46 crore as per their latest finalised accounts as on 30 September 2017. One PSU, which had come under audit jurisdiction in 2016-17, did not submit its arrear accounts from inception[21]. Four PSUs declared dividend of ₹ 1.10 crore.

1.11.4 Erosion of Capital due to losses

The total paid-up capital and accumulated losses of the 73 working state PSUs as per their latest finalised accounts were ₹ 14,433.10 crore and ₹ 3,367.36 crore respectively as detailed in **Annexure 3**. Analysis of investment and accumulated losses disclosed that in respect of 30 working PSUs, their entire net worth had been eroded. The total accumulated loss of these PSUs was ₹ 9,026.60 crore against their paid-up capital of ₹ 1,717.68 crore.

Further, of these 30 PSUs, the negative net worth of three PSUs exceeded ₹ 1,000 crore each, *i.e.,* West Bengal Transport Corporation Limited {(–) ₹ 1,635.84 crore}, Calcutta State Transport Corporation {(–) ₹ 1,378.28 crore} and The Durgapur Projects Limited {(–) ₹ 1,093.88 crore}.

19 Ratio of return on capital employed (net profit/ loss *plus* interest charged in profit and loss account) to capital employed *i.e.* shareholders' funds *plus* long term borrowings. In respect of finance sector PSUs, capital employed is worked out as the mean of the aggregate of opening and closing balances of shareholders' funds *plus* long term borrowings.

20 Turnover of working PSUs as per their accounts for the current financial year as of 30 September of that year.

21 West Bengal Biotech Development Corporation Limited was incorporated in 2008-09. The audit of the PSU was entrusted in 2016-17. However, no information or accounts were submitted by the PSU. Therefore, the accounts for 2008-09 to 2016-17, *i.e.* nine years were considered as arrear account. Refer Sl. No. 34 of **Annexure 1.**

1.12 Non-working Public Sector Undertakings

Non-working PSUs are not contributing to the State Economy and may be considered either to be closed down or revived. There were 19 non-working PSUs (18 Companies and one Statutory Corporation) as on 31 March 2017. The number of non-working companies at the end of each year during past five years are as follows in **Table 1.8**.

Table 1.8: Non-working PSUs

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
No. of non-working companies	16	16	17	18	18
No. of non-working corporations	1	1	1	1	1
Total	**17**	**17**	**18**	**19**	**19**

1.12.1 Current status on closure of non-working PSUs

During 2016-17, 12 non-working PSUs had incurred an expenditure of ₹ 43.59 crore towards employees' cost[22]. This expenditure was financed by the State Government through non-plan loans to these PSUs. These non-working PSUs were taken under Government's decision (February 2017) for merger/ restructuring of state PSUs. The Government informed (August 2017) that the cabinet decision was taken for formal closure of one non-working PSU[23] while formal winding-up process of three non-working PSUs[24] had been initiated by their administrative departments.

1.13 Comments on Accounts

Sixty-four working companies forwarded their audited 66 accounts to PAG/AG during the year 2016-17. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table 1.9**.

Table 1.9: Impact of audit comments on working Companies **(₹ in crore)**

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	6	176.64	5	20.96	3	14.94
2.	Decrease in profit	16	327.92	14	507.22	8	35.25
3.	Errors of classification	5	134.83	2	56.31	6	172.69
4.	Non-disclosure of material facts	7	194.39	6	204.40	3	75.84

Note: *Increase in Profit includes Decrease in Loss and vice-versa.*

22 Seven non-working PSUs did not submit requisite information.
23 Lily Products Limited.
24 West Bengal Plywood and Allied Products Limited, Krishna Silicate and Glass (1987) Limited and The Carter Pooler Engineering Company.

During the year, the Statutory Auditors did not give unqualified certificates on any account. An adverse certificate was given on the accounts of one PSU[25].

1.13.1 Audit comments on Statutory Corporations

Similarly, nine working Statutory Corporations forwarded their 13 accounts to PAG/ AG during the year 2016-17. Of these, 12 accounts of six Statutory Corporations pertained to sole audit by CAG. The remaining account was selected for supplementary audit. The Audit Reports of statutory auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table 1.10**.

Table 1.10: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	4	34.35	4	22.50	2	2.66
2.	Decrease in profit	3	15.25	4	203.63	7	30.59
3.	Errors of classification	Nil	Not applicable	2	1.81	4	11.69
4.	Non-disclosure of material facts	Nil	Not applicable	2	154.56	2	1.20

Note: *Increase in Profit includes Decrease in Loss and vice-versa.*

1.14 Response of the Government to Audit

Performance Audits and Paragraphs

For the Report of the Comptroller and Auditor General of India (for the year ended 31 March 2017), one Performance Audit Report, One Follow-up Audit Report and 11 Audit Paragraphs involving four departments were issued to the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within six weeks. Replies in respect of Follow-up Audit and eight compliance audit paragraphs were awaited for 23 to 33 weeks from the State Government (January 2018).

1.15 Follow up action on Audit Reports

As per the Constitutional provisions *vide* Article 151(2), the Reports of the Comptroller and Auditor General (CAG) of India relating to the accounts of a State shall be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. Further, under the legislative provisions *vide* Section 19 A(3) of CAG (Duties, Powers and Conditions of Service) Act 1971, the State Government shall cause every Report in relation to audit of accounts of a Government Company or a Corporation, to be laid before the Legislature of the State, as soon as may be after it is received.

The Reports of the CAG of India, in respect of accounts of the State were not being laid before the Legislature in a timely manner. Audit noticed that the Reports for the years 2011-12 and 2012-13, which were submitted to the Governor in March 2013

[25] Saraswaty Press Limited-Sl. No 63 of Working Government Companies in **Annexure 3**

and April 2014 respectively, were laid before Legislature in July 2014. Similarly, the Reports for the years 2013-14 and 2014-15, which were submitted to the Governor in April 2015 and March 2016 respectively, were also tabled together in July 2016.

The pattern indicates that laying of Reports of CAG before the Legislature has been reduced to a biennial exercise by the State Government. Such violation of Constitutional and Legislative obligations deprived the Legislature of the opportunity to exercise control over the Executive in respect of finances and its utilisation in the State.

1.15.1 Replies outstanding

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executives. The Finance Department, Government of West Bengal issued Manual for Financial Advisors (January 2016) for all Administrative Departments. As per the manual, the heads of Administrative Departments as well as the PSUs have to furnish the replies/explanatory notes to paragraphs/ performance audits included in the Audit Reports of the CAG of India within a period of one month of their presentation to the Legislature, duly signed by Secretary/ Joint Secretary.

Out of 258 paragraphs/ performance audits, explanatory notes to 39 paragraphs/ performance audits in respect of 15 departments were awaited (September 2017).

1.15.2 Discussion of Audit Reports by COPU

The status as on 30 September 2017 of Performance Audits (PAs) and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as shown in **Table 1.11**.

Table 1.11: Reviews/Paras appeared in Audit Reports vis-à-vis discussed as on 30 September 2017

Period of Audit Report	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2005-06	4	26	Nil	14
2006-07	4	21	Nil	6
2007-08	3	20	1	6
2008-09	2	21	2	9
2009-10	2	21	Nil	6
2010-11	2	15	Nil	6
2011-12	2	14	1	6
2012-13	2	10	Nil	2
2013-14	2	9	1	8
2014-15	1	10	Nil	2
2015-16 *(subsequently tabled in the Legislature on 7 March 2018)*	2	10	2	7
Total	**26**	**177**	**7**	**72**

1.15.3 Compliance to Reports of Committee on Public Undertakings (COPU)

According to Rules of Procedure of COPU, Action Taken Notes (ATNs) on the recommendations contained in the COPU Reports are to be submitted by the Government within three months of their receipt. The statement in **Annexure 4** indicated the details of 22 COPU reports where Action Taken Notes are yet to be received from the departments as on 30 September 2017.

These reports of COPU contain 50 recommendations in respect of paragraphs pertaining to eight departments, which had either appeared in the Reports of the CAG of India for the years 2003-04 to 2014-15 or were taken up for *suo-motu* study.

1.16 Coverage of this Report

This Report contains one Performance Audit on 'Management of Works by three PSUs', one Follow-up Audit to 'Performance Audit on Production and Marketing Performance of Saraswaty Press Limited' and 11 Compliance Audit observations involving financial effect of ₹ 819.21 crore. The Compliance Audit observations include two Thematic Audits on 'Compliance with rules made under Mines and Minerals (Development and Regulation) Act, 1957' and 'Vehicular Emission by State Transport Undertakings in West Bengal during the period from 2012-13 to 2016-17'. These audit findings related to PSUs which fall under four Departments *viz.* Public Works; Industry, Commerce and Enterprises; Transport as well as Power and Non-Conventional Energy Sources.

The number of PSUs, investment, turnover, and Return on Equity (RoE) in respect of all PSUs under these four departments is given in **Table 1.12(a)** :

Table 1.12(a): Overall profile of all PSUs under the administrative control of four Departments covered in this Report

Sl. No.	Name of Department	No. of PSUs	Investment (₹ in crore)	Turnover (₹ in crore)	Return on Equity (in *per cent*)
1	Public Works	4	986.66	790.20	(-) 0.17
2	Industry, Commerce and Enterprises	20	1,750.69	627.57	Not applicable
3	Transport	7	1,760.13	489.95	Not applicable
4	Power and Non-Conventional Energy Sources	7	29,404.97	29,348.38	(-) 0.69
	Total	**38**	**33,902.45**	**31,256.10**	

It can be seen that aggregate investment in and turnover of PSUs under the Power and Non-Conventional Energy Sources Department was higher than the other three departments put together. While two departments had negative RoE, the negative net worth and losses of PSUs under remaining two departments were a matter of concern.

The investment, turnover and RoE in respect of the PSUs commented upon in the Report are as follows: -

Table 1.12(b): Key parameters of the PSUs covered in the Report

Sl. No.	Name of PSU	Investment (₹ in crore)	Turnover as per latest accounts (₹ in crore)	Return on Equity (in per cent)
1	Mackintosh Burn Limited	1.91	637.04	11.11
2	Westinghouse Saxby Farmer Limited	68.92	118.49	Not applicable
3	Britannia Engineering Limited	47.83	34.67	Not applicable
4	Sarasawaty Press Limited	5.50	86.44	15.03
5	West Bengal Text Book Corporation Limited	0.10	308.06	44.77
6	West Bengal Mineral Development and Trading Company Limited	65.48	52.62	Not applicable
7	West Bengal Transport Corporation Limited	229.97	52.98	Not applicable
8	West Bengal Surface Transport Corporation Limited	275.26	28.35	Not applicable
9	North Bengal State Transport Corporation	314.13	158.83	Not applicable
10	South Bengal State Transport Corporation	273.21	108.59	Not applicable
11	Calcutta State Transport Corporation	486.08	97.72	Not applicable
12	West Bengal Power Development Corporation Limited	13,119.42	8,718.32	1.41
13	West Bengal State Electricity Distribution Company Limited	8,313.67	18,351.64	(-)1.17
14	West Bengal State Electricity Transmission Company Limited	3,920.81	1,258.92	10.94
15	West Bengal Highway Development Corporation Limited	868.00	Nil	(-)0.20
	Total	**27,990.29**	**30,012.67**	

(Not applicable – The shareholders' funds of these PSUs is negative.)

CHAPTER II

CHAPTER II

Performance Audit relating to Government Companies

Mackintosh Burn Limited, Westinghouse Saxby Farmer Limited and Britannia Engineering Limited

2. Management of works

Executive Summary

Introduction

Mackintosh Burn Limited (MBL), Westinghouse Saxby Farmer Limited (WSFL) and Britannia Engineering Limited (BEL) are three Public Sector Undertakings (PSUs) under the Public Works Department (PWD), Government of West Bengal (GoWB). These three PSUs plan, manage and execute construction works across the state, predominantly in the public sector. In February 2017, GoWB decided to amalgamate BEL with WSFL to improve operational efficiency and ensure optimal utilisation of manpower/ assets.

Lack of due diligence in preparing estimates and framing terms and conditions of contracts

In their role as contractors, these PSUs secure contracts by participation in tenders floated by various Government departments/ clients. However, bids were not based on realistic estimates. PSUs violated the guiding principles in framing contracts by not, *inter alia,* incorporating defect liability period and specifying machinery to be utilised by sub-contractors.

Deficiencies in execution of works

Delays in execution of works resulted in cost overrun, imposition of liquidated damages and termination of works. Quality of work was also not ensured by the PSUs in the construction of works. The appointment of sub-contractors/ suppliers suffered from deficiencies. Mandatory e-tendering was not followed by WSFL and MBL for 16 agency works. MBL had executed works valuing ₹ 26.88 crore without prior approval of clients.

Poor Financial Management

PSUs had not prepared bills for works executed by them as a contractor, in violation of extant provisions. The reason for not raising the bills was that the clients prepared the bills subject to their availability of funds.

During 2012-13 to 2016 17, MBL and WSFL had not billed agency fees valuing ₹ 5.35 crore and ₹ 17.56 crore respectively. The three PSUs had also undercharged agency fees by ₹ 4.38 crore.

The three PSUs had kept agency fees below the admissible margins notified (June 2012) by GoWB.

Lack of monitoring of works and inadequate internal controls

The work programme submitted by the PSUs omitted information regarding deployment of men, machineries and material. None of the site offices maintained registers as required. MBL, WSFL and BEL had not deployed adequate staff at site offices for supervision as per the norm fixed by GoWB.

2.1 Introduction

MBL, incorporated in April 1913, became a Government Company in December 2010. WSFL, incorporated in May 1923, became a Government Company in 1969 and BEL was a Government Company since its establishment in April 1986. These three PSUs, under the Public Works Department (PWD), Government of West Bengal (GoWB), conduct planning, management and execution of construction works across the state, predominantly in the public sector. MBL, since incorporation, was undertaking construction of buildings, bridges, flyovers, roads and highways, drainage *etc*. WSFL[26] and BEL[27] took up civil works since 1975 and 2006 respectively. In February 2017, GoWB decided[28] to amalgamate BEL with WSFL to improve operational efficiency and ensure optimal utilisation of manpower/ assets. Thereafter, GoWB filed (September 2017) application with the National Company Law Tribunal for amalgamation of both PSUs. Further developments were awaited (November 2017).

2.2 Organisation structure

The managements of these three PSUs were vested in their Boards of Directors (BoDs), each headed by a Chairman. The Managing Directors (MD) were the Chief Executives. As of March 2017, the Boards of MBL, WSFL and BEL consisted of eight, five and six members respectively, nominated by GoWB.

These three PSUs followed two business models for execution of works -

(i) Role as contractor: Securing contracts by participation in tenders floated by various government departments/ non–government clients and their execution.

[26] Apart from civil works, WSFL also manufactured railway brakes and railway signalling equipment.

[27] BEL manufactured road rollers and tea -processing machineries.

[28] Finance Department, GoWB order no 1093-F(Y) dated 21 February 2017.

(ii) Role as a nominated agency of GoWB for execution of Government works: Non-engineering Departments of GoWB could nominate[29] these PSUs as agencies to (a) prepare estimates/ drawings/ designs, (b) invite tenders for selection of contractors, (c) evaluate of bids, (d) award contracts, (e) monitor and supervise the works, (f) issue completion certificates, *etc*. and (g) undertake overall execution. For these activities, the PSUs would earn an agency commission[30].

In August 2016, GoWB had omitted both WSFL and BEL from the list of nominated agencies. PWD stated (November 2017) that the reasons for omission of WSFL and BEL from the list of nominated agency works were not known to them.

2.3 Audit Objectives

The Performance Audit was conducted to ascertain whether these three PSUs had:

- Exercised due diligence, followed guidelines and processes in preparing and finalising contracts for various construction works/ projects;
- Properly planned and executed works, both departmentally and through sub-contracts, in conformity with the prevailing norms/ guidelines with regard to efficiency and economy;
- Effectively enforced financial management to ensure timely collection of dues, and;
- Monitored the implementation of works and had in place adequate and effective internal controls.

2.4 Scope and methodology of audit

The Performance Audit was conducted between March and July 2017. Its scope covered management of works executed by these three PSUs. Audit methodology involved test check of records of 150[31] out of 745[32] works executed during 2012-13 to 2016-17 available at the Head Offices of these PSUs. Stratified random sampling based on the value of works was used as a tool for the selection of works for audit.

An Entry Conference was held on 7 March 2017. Audit objectives, audit criteria, scope and methodology of the Performance Audit were discussed with the managements of the PSUs and PWD. The Exit Conference was held on 5 December 2017 wherein the findings and audit conclusions were discussed. In the exit conference, the Department accepted all recommendations made in the PA report. Replies of the Department and managements of the PSUs have been suitably incorporated in the report.

[29] Notification No. 5400(Y) dated 25 June 2012 of the Budget Branch, Deptt. of Finance, GoWB.

[30] The commission varied between two and 8.5 *per cent* of the estimated cost.

[31] MBL : 67 (₹ 1,923.69 crore), WSFL : 28 (₹ 547.65 crore) and BEL : 55 (₹ 136.11 crore).

[32] MBL : 396 (₹ 3,629.80 crore), WSFL : 237 (₹ 1,153.72 crore) and BEL : 112 (₹ 339.15 crore).

2.5 Audit criteria

The audit criteria had been derived from:

- CPWD Works Manuals[33] and PWD Code, GoWB;
- Applicable PWD Schedule of Rates (PWD-SORs) and Government orders;
- Agreements and Tender Documents;
- Board minutes and agenda papers of PSUs;
- Other relevant rules and regulations.

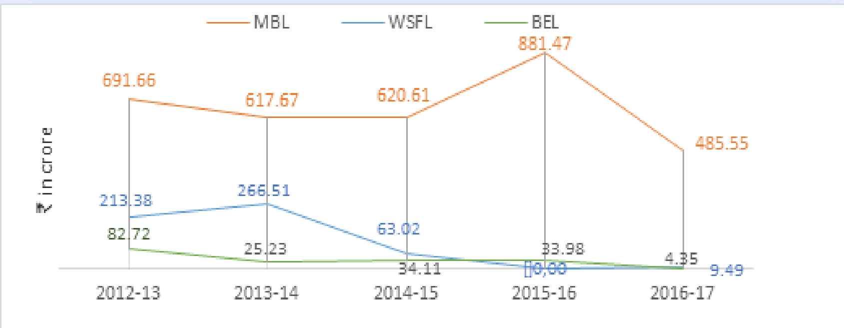
2.6 Acknowledgement

Audit acknowledges the co-operation of MBL, WSFL and BEL in providing the necessary records and information in connection with the conduct of this Performance Audit.

2.7 Operational performance

During 2012-13 to 2016-17, the three PSUs had secured orders for 413 works[34] (value: ₹ 4,029.75 crore) as **contractors** and orders for 332 works[35] (value: ₹ 1,092.92 crore) as **nominated agencies**. **Figures 2.1** and **2.2** show the year-wise value of orders secured as contractor and nominated agency by each PSU in the past five years (2012 17). Both the figures show the decline in activities of the PSUs.

Figure 2.1: Year-wise value of orders secured as Contractor



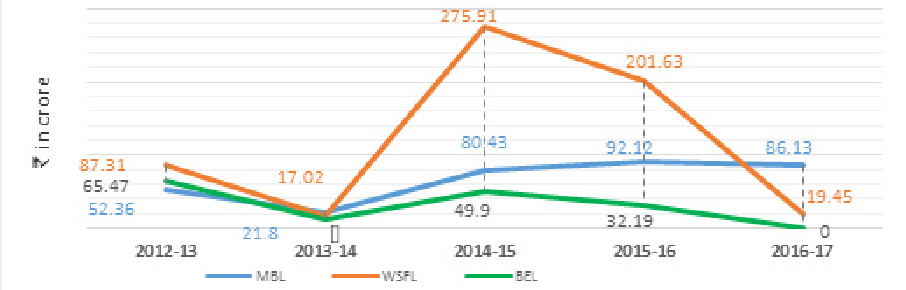
- **MBL** - Steep dip of 45 *per cent* (2016-17) over 2015-16 in fresh work orders. Secured (2012-17) 19 works (value : ₹ 271.20 crore) from private entities *i.e.* only 6.66 *per cent* of total order value.
- **WSFL** - Steep decline in 2014-15 of 76.35 *per cent* over 2013-14 in orders received. No orders in 2015-16 while orders managed in 2016-17 only ₹ 9.49 crore.
- **BEL** - Orders obtained reduced by 94.74 *per cent* over 2012-13 to 2016-17.

[33] CPWD Works Manual of December 2011 and July 2014.

[34] MBL : 273 works (value : ₹ 3,296.96 crore),
WSFL : 94 works (value : ₹ 552.40 crore) and
BEL : 46 works (value : ₹ 180.39 crore).

[35] MBL : 123 works (value : ₹ 332.84 crore),
WSFL : 143 works (value : ₹ 601.32 crore) and
BEL : 66 works (value : ₹ 158.76 crore).

Figure 2.2: Year-wise value of orders secured as nominated agencies



- **MBL** - Value of agency works largely consistent, except in 2013-14 where it dipped by 59 *per cent* over 2012-13. Overall increase in securing agency works since 2014-15.
- **WSFL** - Increased in 2014-15 and 2015-16 but meagre in 2013-14 and 2016-17.
- **BEL** - Overall decline since 2014-15.

Audit scrutiny indicated:

1. WSFL and BEL were mostly dependent on GoWB's work orders. This showed their inability to compete with other players to secure private sector contracts.

2. The decline in orders for agency works in respect of WSFL and BEL in 2016-17 was a consequence of their omission (August 2016) from the list of GoWB nominated agencies. This has the potential of affecting the economic viability of project divisions of WSFL and BEL, unless a plan was put in place by the Government/ Management to bolster their order books.

The Government stated (November 2017) that as there were significant amount of agency works in WSFL's and BEL's hands, they did not attempt to secure works as contractors. As a result, their works as contractor had declined since 2014-15. Besides, they did not venture in private sector works as it is always safe to undertake Government jobs.

However, the reply is not acceptable as total dependency on Government works is not desirable. This is evident from the present situation arising from their omission as nominated agencies. Since August 2016, they neither had any contract works nor agency works in hand.

Audit Findings

Out of 150[36] test checked works, it was seen that only 10 were completed[37], instead of the 79 works scheduled to be completed by March 2017. While nine works earned a profit of ₹ 14.66 crore, one sustained loss of ₹ 0.96 crore. In respect of the 140 incomplete[38] works, their final profit or loss was not ascertainable. The audit findings are discussed in the succeeding paragraphs.

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[36] As contractors: 76, nominated agencies: 74.

[37] MBL- four works with profit of ₹ 7.60 crore and one with loss of ₹ 0.96 crore, BEL two works-₹ 0.70 crore and WSFL – three works - ₹ 6.36 crore.

[38] This includes both works that had been delayed and not yet beyond scheduled completion.

2.8 Lack of due diligence in preparing estimates and framing terms and conditions of contracts

In their role as contractors, the PSUs secure contracts by participation in tenders floated by various Government departments/ clients. These works were executed either departmentally or through sub-contractors. Where they were appointed as nominated agencies, the PSUs were required to select contractors for execution of works based on estimates/ contracts prepared by the PSUs.

The shortcomings in preparation of estimates and deficiencies in the contracts observed by audit were as follows:

2.8.1 Submission of bids for tenders with unrealistic estimates

The PSUs were required to submit bids against tenders floated by government departments/ private agencies to secure orders. For this purpose, PWD guidelines reiterated[39] (November 2014) that estimates were to be prepared based on (i) current market rates (ii) place and nature of work (iii) extent of competition (iv) risk involved *etc*. Audit observation showed the following:

(i) Analysis of the 150 selected works showed that 64 works had been quoted "below" the amounts put to tender, 50 "at par" and only 36 "above". None of the PSUs provided the details/records of the process followed for arriving at the price to be quoted. Hence, in absence of any record, audit could not conclude whether the PWD guidelines had been followed for assessing the estimates and preparation of quotations.

(ii) Further, these PSUs had not maintained any database showing particulars of all the tenders in which they had participated. As such, they were unable to (i) benchmark the estimates for similar works against the successful bids and (ii) prepare realistic bids to make the entire process of tendering a speculative exercise.

(iii) It was further observed (July 2017) that bids were submitted without reference to the prevailing market rates, which resulted in uneconomic price bids by MBL, leading to loss of ₹ 5.11 crore as discussed in **Table 2.1**:

Table 2.1: Details of uneconomic bids and their impact

Details of work/ Name of the client	Loss	Reasons for loss
1. Tripura Raj Bhavan, Agartala/ Government of Tripura	₹ 4.38 crore (March 2017)	Against estimates of ₹ 38.29 crore, MBL quoted (January 2012) ₹ 28.01 crore (*ad hoc* discounts of 27 *per cent* allowed, without justification). Till March 2017, an expenditure of ₹ 26.13 crore (93 *per cent*) was incurred, whereas only 78 *per cent* of work was completed. This indicated that the total expenditure on completion of work, would be much higher than the quoted amount.

39 PWD Memorandum No. 338/ SPW/ 2014 dated 18 November 2014.

Details of work/ Name of the client	Loss	Reasons for loss
Railway siding, Haldia Dock complex/ Kolkata Port Trust	₹ 72.98 lakh (June 2017)	MBL quoted ₹ 957.23 per cubic metre (cum) for sand filling[40] against prevailing rates[41] (June 2015) which were higher[42]. This resulted in the quotation being lower by ₹ 2.64 crore.

With regard to these two cases, Government stated (November 2017) that MBL had quoted very competitive rates to procure projects in the presence of various private entities in the market. This was to keep MBL's manpower engaged.

However, Audit noted that there was no document indicating that keeping the manpower engaged was a priority even if it meant that a loss was to be incurred at the bidding stage itself.

2.8.2 Violation of guiding principles in framing terms and conditions in contract documents

Rule 224 of PWD code, GoWB, states that the terms of every contract must be precise and definite with no room for ambiguity. This includes clarity on the defect liability period *i.e.* the specific period, after completion of work, within which a contractor is liable to rectify or refurbish post construction damages/ faults arising from defective workmanship.

2.8.2.1 Standard defect liability period not specified

Food and Supplies Department (FSD) appointed (between December 2012 and July 2013) BEL as agency for construction of 15 food godowns on payment of five *per cent* agency commission of the total cost, subject to satisfactory completion of defect liability period[43] to be fixed by the competent authority after completion. It was observed that neither did FSD nor BEL fix the defect liability period for reasons not on record.

As per PWD code, the standard defect liability period in construction works is six months. Except one[44], all the godowns were handed over to FSD by BEL between December 2014 and June 2015. Thus, in terms of standard defect liability period, the liability for rectification of defects by BEL after handing over would have ended in December 2015 for all 14 godowns. However, after a lapse of nine months from the end of standard defect liability period, FSD had intimated (September 2016) the defects noticed in all 15 godowns. These defects were repaired (February 2017) by BEL

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40 The work involved providing, spreading and filling the excavated area with brown sand including consolidation by sprinkling water and rolling by mechanical rollers of 1,18,000 cum.

41 For similar variety of sand (purchased for other works).

42 At rates varying between ₹ 1,059 and ₹ 1,236 per cum.

43 Period within which if defects occurred, were required to be repaired by nominated agency at their own cost.

44 Handed over in February 2016.

through their sub-contractors at ₹ 24.79 lakh. BEL repaired it due to absence of specific defect liability period defined in the contract. Audit further observed that the security deposit amounting to ₹ 3.83 crore had not yet been released to BEL. No efforts for recovery of the security deposit was found on records.

The Government stated (November 2017) that the defects were rectified by the contractor. BEL complied the request of FSD being Government Department for the interest of smooth co-ordination and future business. They had preferred claim on FSD for reimbursement of the cost. Moreover, the security deposit had not been refunded, even after expiry of two years from the date of completion.

2.8.2.2 Machinery specifications not included in agreements with sub-contractors

For smooth execution of works, the PSUs should stipulate[45] the machinery required to be deployed at the site by the sub-contractors in their tenders/ contracts. PWD stipulated[46] (February 2015) standard lists of machinery and equipment for roads, bridges and buildings works to be included in the tender documents. The sub-contractors should possess these machinery and equipment for executing the work.

Audit scrutinised agreements of 15 works[47] between the PSUs and their sub-contractors entered into after February 2015. The machinery to be utilised by the sub-contractors was not specified. The reason for this was also not on record. The Government stated (November 2017) that in future, contracts by WSFL and BEL would mention the specific machineries required for executing the work. It added (November 2017) that a clause in MBL's agreements with sub-contractors implied that the sub-contractor would deploy the machinery specified in the client's tender.

2.8.2.3 Delayed taking over of completed works by clients

Clause 2.8 of the CPWD Manual provides that reasonable advance intimation of completion of the work should be given to the client, for timely taking over of completed works. None of the agreements/ contracts entered into by the PSUs with their clients included provisions for reimbursement of charges if the clients had delayed in taking over of completed projects/ completed components. Thus, charges for security, re-finishing and re-commissioning, conservancy charges, *etc*. were borne by the PSUs or sub-contractors executing the work. Further, this unnecessarily prolonged the defect liability/ warranty period also.

Government stated (October 2017) that regular persuasions were made by site offices of BEL and WSFL for transferring the sites. However, fact remained that handing over of completed projects were belated which is stated below:

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45 Clause 53.2 of CPWD Manual 2012.

46 Memorandum No. 44-W(C)/1 M-24/ 15 dated 13 February 2015.

47 Eleven sub–contractor works for MBL and four sub –contractor works for BEL.

Test check revealed that in 28 agency works of BEL and WSFL, completed between January 2015 and March 2017, 15 works had been belatedly (one year) handed over to clients. The remaining 13 were still to be handed over to the client (July 2017). Since all these works had defect liability clause, this had resulted in extension of the defect liability period. Moreover, agency commission of ₹ 69.52 lakh for these works had not been received from the clients and safety of the property had not been secured. Government accepted (November 2017) the audit observation.

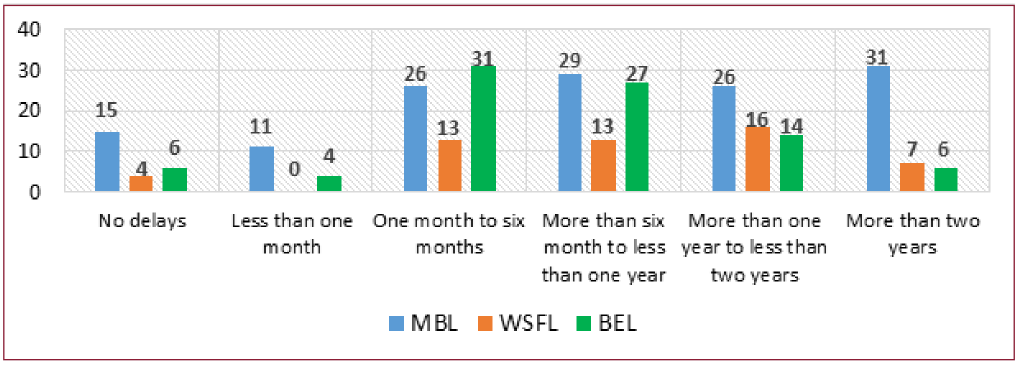
2.9 Execution of works

For the works entrusted by Government Departments to PSUs as a nominated agency, the PSUs execute the work through contractors. In such cases, the role of PSUs comprises, *inter-alia*, preparation of estimates and drawings, appointment of contractors. GoWB mandated[48] that the PSUs were to follow the West Bengal Public Works Code[49]. For departmentally executed work, MBL purchased construction materials at prevailing market price through tenders. It then engaged its own employees as well as piece rate workers (PRW)[50] for execution. With regard to execution of works by the three PSUs, audit observed the following deficiencies:

2.9.1 Delays in execution of works

The general terms and conditions of all the contracts prescribes a time schedule for completion of the works. Hence, the PSUs were required to adhere to the time specified by preparing activity based work schedules. Audit observed that while executing the works, there was no system of putting into place specific timelines while planning for completion of any project. Records for 279 works, were made available to Audit. An analysis of time taken in respect of 169 projects completed during 2012-13 to 2016-17 and 110 projects ongoing as of March 2017 is given in **Figure 2.3**:

Figure 2.3: Range of delays in completed and ongoing projects



(Source: Records of the PSUs and information furnished to Audit)

48 Notification No. 5400-(Y) dated 25 June 2012 of the Budget Branch, Finance Department, GoWB.

49 These PSUs do not have their own manual/ standard operating procedure (SOP) for execution hence, in cases where PSUs execute works as contractors, they followed the West Bengal Public Works Code.

50 Payment to workers made on output basis where materials and tools were supplied to the worker by the PSUs.

Audit observed that –

(i) The PSUs completed only 8 to 33 *per cent* of the works within schedule. The remaining works were completed after delays of 51 (MBL), 38 (WSFL) and 36 months (BEL).

(ii) As of March 2017, ₹ 62.44 crore[51] was overdue for payment against 86 works[52] of three PSUs, completed beyond their scheduled dates of completion. The delays in payments ranged from one day to over three years. Out of the total amount overdue, ₹ 43.41 crore was due for more than a year from the dates of completion of works. There were no recorded reasons for non-payment by clients. However, there was no extension of completion dates and balance confirmation from clients, which may be indicative of these amounts being withheld due to delay in completion. Government stated (November 2017) that there was no communication from the clients to suggest that the realisability of debts of WSFL and BEL was doubtful.

(iii) In addition, 28 (30 *per cent*), three (33 *per cent*) and one (11 *per cent*) ongoing works of MBL, WSFL and BEL respectively, were in progress even after two years of scheduled completion. The reasons for delay had not been furnished to Audit (November 2017).

(iv) During the scrutiny of the records made available by the PSUs in respect of 279 delayed works, it was observed that 134 works[53] (value: ₹ 911.49 crore) were behind schedule for reasons depicted in the following **Table 2.2**:

Table 2.2: Causes of delay

Particulars	No of cases	Value (₹ in crore)
1. Delay in taking over work sites, free from all encumbrances	101	648.78
2. Delay in receipt of approved design drawings	29	252.76
3. Where both of the above causes existed	4	9.95
Total	**134**	**911.49**

The Government accepted (November 2017) the audit observation.

2.9.2 Impact of delays

Completion of works in time obviates the risk of cost overruns, imposition of liquidated damages on the PSUs and cancellation of contracts by clients. Delays in completion of works resulted in losses aggregating to ₹ 11.13 crore during 2012-13 to 2016-17 as discussed given in **Table 2.3:**

51 ₹ 25.41 crore (MBL)+ ₹ 17.83 crore (WSFL)+ ₹ 19.20 crore (BEL).

52 13 (MBL)+40(WSFL)+33(BEL).

53 MBL : 12 works (₹ 198.34 crore), WSFL : 44 works (₹ 293.37 crore), BEL : 45 works (₹ 157.07 crore).

Table 2.3: Impact of delays in execution of projects

PSU/ Client	Work	Loss	Reasons for delay
(A)	**Cost over-run**		
MBL/ Various clients	Departmentally executed works - 24[54] out of 101 works.	₹ 6.56 crore	Scheduled completion dates not adhered to in these 24 works, construction materials procured at higher rates after the scheduled completion dates.
Sub-total (A)		***₹ 6.56 crore***	
(B)	**Imposition of Liquidated Damages** (The deductions of LD were accepted by the PSUs.)		
MBL/ West Bengal Housing Board (WBHB)	Construction of residential buildings at two sites at Rajarhat, New Town	₹ 2.10 crore (being five per cent of work value).	Work was completed (March 2013) with delay of two years, reasons for delays were not on record.
WSFL/ Department of Food & Supplies, GoWB (FSD)	Three food godowns	₹ 0.25 crore (being 0.25 per cent per week on agency fees).Besides, in another 17 works, WSFL was liable to pay LD amounting to ₹ 5.64 crore[55] due to delay in completion.	Completed between September 2014 and March 2016, with delays of 66 to 632 days from their scheduled dates of completion. The delays were because of late handing over of encumbrance-free sites by clients, approach roads not demarcated, belated finalisation of godown location, revision in drawings *etc*.
BEL/ Department of Food & Supplies, GoWB (FSD)	Six food godowns	₹ 0.98 crore (being 0.25 per cent per week on agency fees).	
Sub-total (B)		***₹ 3.33 crore***	
(C)	**Termination of works by clients**		
BEL/ Eastern Railway, Dakshin Dinajpur Highway Division and Tarapith Rampurhat Development Authority	Value of six works of ₹ 10 crore	Clients withheld the payable amount of ₹ 76.63 lakh.In addition, the potential margin of ₹ 47.68 lakh on the unexecuted work was also forgone. Neither the reasons for delays in execution nor efforts made for release of withheld amount were on record.	Works by three clients awarded (May 2011 - February 2016) were terminated (December 2012 to February 2017) by the clients for non-adhering to the time schedule. Till termination, the value of works executed was ₹ 3.56 crore, clients had released ₹ 2.79 crore.
Sub-total (C)		***₹ 1.24 crore***	
Total (A+B+C)		**₹ 11.13 crore**	

[54] Six completed and 18 ongoing works.

[55] Calculated by Audit on the basis of terms of contract agreements and the period of delay.

The Government noted (November 2017) the audit observation and stated (November 2017) that BEL was pursuing with FSD to refund the amount. However, the fact remains that even after expiry of two years the amount remained unrecovered.

2.9.3 Quality of work not ensured

Clause 53.2 of CPWD Manual requires the testing of construction materials. All required tests conducted should be recorded in test report register. A copy of the same should be submitted with each alternate running account bill and final bill. Non-submission may result in withholding of payments. Hence, the PSUs were required to submit test reports for works executed by them or through sub-contractors to their clients. The Government intimated (November 2017) that, for works executed as contractors, WSFL and BEL had conducted routine tests, if the clients desired. Besides, copies of the reports were maintained with the sub-contractors.

Audit observed from examination of running account bills, correspondence files and other related records that –

- In respect of 74 works selected, where the PSUs functioned as nominated agencies, none of the contractors had submitted testing reports/ test report registers with the bills. This indicated lack of monitoring by PSUs in respect of quality of work executed by contractors. Government (November 2017) noted the same for compliance in future.

The defects observed in the construction of 36 works executed by PSUs is depicted in **Table 2.4:**

Table 2.4: Defects observed in the construction of works executed by PSUs

PSU	Client	Work	Observation	Remarks
MBL	PWD[56]	Widening and strengthening of Jibanti- Sherpur road	Defects observed (June 2016 to November 2016) by PWD was damaged bituminous surface in the nature of pot holes, craters and undulations.	The defects were observed within six months of the completion.
MBL	North Bengal University (NBU)	Construction of second campus at Jalpaiguri	NBU complained (May 2016) about several cracks which were noticed in internal and external walls of the building.	The defects were observed within three months of the completion.
MBL	FSD	Five godowns	Client observed (September 2016) defects, *viz*. damaged floors, wall cracks, leakage of rain water, defective drainage, damaged approach roads, electrical problems etc.	The defects were observed within nine to 21 months of the completion.
WSFL	FSD	14 godowns		
BEL	FSD	15 godowns		

[56] Superintending Engineer of State Highway Circle No. III, Berhampore, Murshidabad.

The three PSUs had not provided the information about costs involved in rectification.

In case of widening and strengthening of Jibanti- Sherpur road, Government stated (November 2017) that the damage was due to plying of overloaded vehicles and opening the road to traffic in phases, as and when completed. However, damages within the defect liability period supports the fact that quality of work needed close monitoring.

In case of construction of second campus at Jalpaiguri, Government attributed (November 2017) the defects to technology used for the first time in the region, not being according to Indian Standard code. It further stated that such defects were rectified by MBL and additional cost of rectification was approved by the client Department. However, management could not furnish acceptance of claim for additional cost of rectification.

In case of food godowns, Government stated (November 2017) that the FSD took over the works long after their completion. The reply is not tenable as late taking over cannot be a reason for defects. It reflects that the quality of construction was not monitored resulting in defects.

2.9.4 Non-adoption of e-tendering

2.9.4.1 Selection of sub-contractors

GoWB had directed[57] (February 2014) that all entities under its' administrative control including PSUs float e-tenders for works/ purchases exceeding ₹ five lakh. Moreover, MBL's delegation of financial powers (April 2005) specified that procurements above ₹ 10 lakh were to be made through open tenders in each case.

Audit test checked the selection process of sub-contractors for works tendered by MBL, with value exceeding ₹ one crore for the period 2014-15 to 2016-17[58]. It was seen that in none of the cases pertaining to this period, e-tendering process was followed for sub-contracting the works. In 13 cases out of 137 sub-contracted cases valuing ₹ 33.17 crore, the sub-contractors were selected based on single bids. Hence, competitiveness of the bid could not be ensured.

Further, GoWB had mandated[59] (June 2012) e-tendering process to be followed for tenders exceeding ₹ 50 lakh in value for agency works. That limit was reduced to ₹ five lakh in February 2014[60]. Audit observed that two[61] PSUs entrusted with works as nominated agencies had during 2012-13 to 2016-17, engaged contractors in 16 works valued at ₹ 34.57 crore without inviting e-tenders.

57 Memorandum No. 1160-F(Y) dated 28 February 2014.

58 Data regarding 2012-13 to 2013-14 was not available.

59 Notification No. 5400-(Y) dated 25 June 2012 of the Budget Branch, Finance Department, GoWB.

60 Memorandum No. 1160-F(Y) dated 28 February 2014.

61 MBL and WSFL.

2.9.4.2 Non-revision of panel of sub-contractors

GoWB observed[62] (February 2014) that organisations opting for limited tender were not periodically updating their lists of contractors. Further, MBL's delegation of authority and policy/ procedure (April 2005) required periodical review of its' panel of sub-contractors. Audit observed that MBL had not reviewed and modified its panel of sub-contractors during 2012-17. Further, Audit noticed that out of 2,639 enlisted sub-contractors, MBL had placed orders only on 548 sub-contractors (20.77 *per cent*) during 2012-13 to 2016-17. In the absence of records, Audit could not examine whether the remaining sub-contractors were in existence. It was also seen that WSFL and BEL had not framed any policy for empanelment of sub-contractors. However, the sub-contractors were empanelled annually on payment of fees.

Government stated (November 2017) that MBL had considered the profiles of the enlisted sub-contractors and the requirements of works to select a particular sub-contractor for a specific work. However, the facts remain that it had not reviewed its sub-contractors profile periodically as required in terms of its own policy which would have ensured a wider base of contractors to choose from.

2.9.4.3 Procurement of goods

For procurement of goods also, Audit observed that the MBL had not adopted e-tendering. Eighty orders (out of 173 orders[63]) valued at ₹ 18.27 crore, (exceeding ₹ 10 lakh) issued by MBL during July 2014 to March 2017, were through single quotations *i.e.* 46.24 *per cent*. Purchases of material on the basis of single quotation and from hand-picked suppliers was highly irregular. There was no assurance that the prices were competitive or reasonable. MBL stated (November 2017) that in some instances, if specified by the client, procurement had been made from a particular vendor. Also materials were procured from the nearest approved sources through local vendors to reduce other local hazards. However, Audit observed that the fact of client specification was not mentioned in any purchase indent. Further, management did not specify the purchase proposals where the client specifically stated any vendor preference. Justification of awarding orders to local vendors to avoid local hazards does not hold good. Moreover, this increased the chances of higher rates and supply of inferior quality of materials, as discussed in **Paragraph 2.9.5**.

2.9.5 Economy in material procurement

Out of the three PSUs, only MBL purchased construction materials for executing works departmentally. During 2012-13 to 2015-16, the cost incurred on purchase of material in MBL was 41.74 *per cent* of the cost of construction. Under the purchase policy framed (April 2005) by MBL, it maintained a list of empanelled suppliers of materials like cement, steel, bricks *etc*. Based on indents from work sites, MBL invited limited tenders from these empanelled suppliers and selected the lowest bidder, from a minimum of three bids.

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62 Memorandum No. 1177-F(Y) dated 28 February 2014.

63 Records of which were made available to Audit.

The following points emerged after audit scrutiny:

(a) MBL's purchase policy stated that the list of suppliers maintained by Purchase Department of MBL should be reviewed by an internal committee and registration of new suppliers should be invited through press tenders, preferably once in a year. It was observed that this was not done by MBL during 2012-13 to 2016-17.

(b) The PWD-SOR, 2013 classified the costs of building works in West Bengal into six zones. According to PWD-SOR, the maximum variation in rates observed across the zones was within 40 *per cent*[64]. It was observed that MBL did not fix zone-wise norms for procurement of materials which would have provided an opportunity to compare actual purchase prices with the PWD SOR rates prevailing in that zone. Audit compared the rates of three items *viz*. sand, bricks and grit/ stone chips which were procured across West Bengal on the same day. It was observed that in 202 instances during 2012-13 to 2016-17, variations in procurement rates were 41 to 1,727 *per cent i.e.* more than 40 *per cent*. This indicated that MBL had not procured materials at competitive rates. The value of these variations resulted in extra expenditure of ₹ 1.93 crore on procurement of these materials by MBL.

(c) In 143 instances on the same date, MBL had placed purchase orders for procurement of the same construction materials like grits/ stone chips, brick and sand at different rates for work sites in the same/ adjacent locations. The variation in rates or the materials purchased on same date and same location ranged between 1 to 270 *per cent*. Consequently, during 2012-13 to 2016-17, MBL had incurred extra expenditure of ₹ 0.53 crore on their procurement.

Government stated (November 2017) that in some instances, if specified by the clients, MBL had procured materials from a particular vendor. Also materials were procured from the nearest approved sources through local vendors to reduce other local hazards. It was observed that vendor preference made by the client was not available in records and thus, was unverifiable. Also the fact remains that awarding orders to local vendors to avoid local hazards led to procurement of commonly available building materials at an additional cost of ₹ 2.46 crore as pointed out by Audit which imposed an additional financial burden on MBL. Further, the same was not brought into the notice of the Government.

2.9.6 Variations in executed quantity

According to Section 24, read with Clause 12 of the General Conditions of Contract, of the CPWD Works Manual 2014, the contractor should send to the client once in every three months, an up to date account giving complete details of all claims for additional payments. This should also contain list of all the additional works ordered by the client. The contractor shall be deemed to have waived his right to claim the amount, if this was not complied. Instances of extra works and additional items of work undertaken by MBL without prior approval of clients and their impact are stated in **Table 2.5**:

64 Based on variance in rates for Composite Brick work as per SOR 2013 of Building Works.

Table 2.5: Additional work undertaken without approval and its impact

Additional works undertaken	Impact
1. Six additional works beyond the scope of the original work were taken up by MBL (February 2011 to October 2014) and completed at a cost of ₹ 26.05 crore. The work was still under progress (June 2017).	Additional works were executed due to changes in design, without the prior approval of DVC for reasons not on record. Post-facto approval for these additional works from DVC was sought but not yet received. This resulted in non-recovery of ₹ 26.05 crore for 30 to 75 months. Hence, MBL incurred an additional interest[65] of ₹ 13.72 crore on cash credit.
2. MBL executed (June 2009 to May 2011) extra works at a cost of ₹ 83 lakh.	Two agreements (June 2009 and December 2011) with a client, Bilawal Housing Co-operative Society Limited (BHCSL), provided that any additional items of work should be carried out after settlement of rates with BHSCL. BHSCL declined (June 2011) to pay for this item of work as work was executed without their prior approval, leading to loss of the entire amount. The reasons for not obtaining prior approval were not on record.

In the first case, the Government stated (November 2017) that as it is a turnkey project, there were some misconceptions regarding the scope of the work which resulted in variations in quantity and cost of execution. However, the fact remains that MBL had itself identified these works as additional works and did not seek approval from the client before execution. The Government / Management did not offer their comments on the second case.

2.10 Financial Management

The main sources of finance of the PSUs were advances/ payments received from clients and cash credit facility extended by the banks. Prudent financial management would ensure optimal realisation of dues and utilisation of funds.

The impact of absence of financial planning were as follows-

2.10.1 Raising of bills as Contractor

As per clause 8 of the General Rules and Direction for Guidance of Contractors[66] of PWD, for works executed as contractor, PSUs shall submit bills each month before the client for all works executed in the previous month. However, if the PSUs did not submit the bill within the aforesaid time, the Engineer-in-charge on the part of client will measure the work and prepare the bill. Audit noticed that the PSUs had not prepared bills for works executed by them as contractor, as the clients prepared running account (RA) bills. Consequently, raising of RA bills was not commensurate with the physical

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65 Interest charged by Allahabad Bank on MBL ranging from 10.20 to 16.75 *per cent* from April 2012 to December 2015 (average cash credit rate – 13.23 *per cent*).

66 Rule 221 of PWD Code, GoWB.

progress of works. The Government noted (November 2017) the audit observation in respect of WSF and BEL. Government stated (November 2017) that as per GoWB norms, MBL as the contractor would submit a statement of work done. The client was to draw the corresponding RA bills in the Measurement Books. Government's reply was not correct as the General Rules and Direction for Guidance of Contractors of PWD specifies that it was the responsibility of the contractors to raise bills.

The three PSUs could furnish status reports for 86[67] out of 139 ongoing works as of March 2017. From the status reports, it was observed that the stage of completion ranged between five to 99 *per cent* of the work value. Accordingly, the amount to be billed as on March 2017 stood at ₹ 886.20 crore, against which the PSUs had billed ₹ 752.05 crore. The value of bills not raised against these works by the three PSUs was ₹ 134.15 crore.

As PSUs depend on borrowed capital for meeting their working capital requirements, belated raising of bills led to payment of additional interest on cash credit. In absence of periodic progress reports, the periods for which this amount had not been billed could not be quantified in audit.

The Government stated (November 2017) that in respect of WSFL and BEL, RA bills were prepared by the clients' subject to availability of fund in the Departments. However, timely raising of bills is an integral part of credit management and the PSUs should adhere to the rules in raising bills as per PWD norms.

2.10.2 Advance for agency works

GoWB notified[68] (February/ June 2013) the procedure for drawing of advances and disbursement of funds to PSUs by non-works departments against agency works executed by the PSUs. Release of advances by the departments to PSUs was against the funds requisitioned by the PSUs, based on different stages of execution of works[69]. The PSUs did not keep the details of date wise requisitions of funds placed by them to monitor that such requisitions were made on time as-well-as keeping parity with the work progress. The reasons were not on record. From the work status report of agency works furnished by WSFL and BEL, it was seen that for 70 works[70] the amount of funds receivable was ₹ 180.97 crore, according to payment procedure approved by the Government upto March 2017. However, the actual funds received by the PSUs from the departments were ₹ 149.28 crore. Since timely receipt of funds from departments is essential for execution of work, short receipt of funds amounting to ₹ 31.69 crore hindered the progress of agency jobs.

67 Seventy works for MBL, nine works for WSFL and seven works for BEL.

68 Nos. 1240 –F(Y) dated 18 February 2013 modified by 4470-F(Y) dated 05 June 2013.

69 On signing of agreement – 10 *per cent*, start of construction – further 40 *per cent*, 50 *per cent* completion – further 25 *per cent* and on full completion – further 20 *per cent*.

70 WSFL : 44 works and BEL : 26 works.

The Government assured (November 2017) that timely placement of requisition would be ensure for funds corresponding to physical progress and according to the Government notification.

2.10.3 Agency fees not claimed by PSUs

In terms of GoWB's notification[71] (June 2012), every nominated agency was responsible for selection/ appointment of contractors, monitoring of the works, vetting of bills, compliance of statutory norms, release of payments *etc*. In order to carry out the work, the agency was entitled to get agency fees, which was a percentage of the value of works entrusted by the client. As of March 2017, the following issues were observed:

- During 2012-13 to 2016-17, MBL had completed 38 agency works, yet it had not billed agency fees valued at ₹ 5.35 crore.
- During 2012-13 to 2016-17, WSFL had completed 71 agency works, it had not yet billed agency fees valued at ₹17.56 crore for 63 works.

Government stated (November 2017) that WSFL would take steps for necessary compliance by way of (i) timely recording the completion and handing over date and (ii) intimation to its Accounts Department. Government did not reply (November 2017) with regard to MBL.

2.10.4 Under-recovery of Agency fees

GoWB notified[72] (June 2012) that the nominated agencies were entitled to agency fees of 5.50 *per cent* of the value of works with two *per cent* was for tendering and three and half *per cent* for monitoring and supervision.

Audit observed that during 2012-13 to 2016-17:

- **MBL** had completed seven agency works wherein it had kept margins at 4.75 *per cent i.e. below* the admissible 5.50 *per cent*, resulting in under charging of agency fees of ₹ 27.43 lakh. Government stated (November 2017) that MBL had to accept lower rates on the request of client in few specific cases. However, the fact remains that both the PSU and its clients had deviated from the criteria fixed by the Government.
- **WSFL** had completed 42 works wherein it had kept margins of three to five *per cent* which was lower than the admissible 5.50 *per cent*. This resulted in under charging of agency fees of ₹ 3.02 crore.
- **BEL** had executed 71 works where margins were 3.50 to five *per cent* that was lower than the allowable 5.50 *per cent*. This resulted in under charging of agency fees of ₹ 1.09 crore.

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71 No. 5400-F(Y) dated 25 June 2012.

72 Notification No. 5400-(Y) dated 25 June 2012 of the Budget branch, Finance Department, GoWB.

The Government stated (November 2017) that the Departments had fixed the commission at lower rates for WSFL and BEL. The Government also stated that in future, both PSUs would bring the applicable rates to the notice of the Departments.

- An instance observed in audit where WSFL failed to claim its entitled agency fees is discussed below:

WSFL was nominated (February 2015) as agency by North Bengal Development Department (NBDD) for execution of works of 'repairing and strengthening of Fulbari by pass road' in Darjeeling District. The work was to be completed within 18 months at an administrative sanction of ₹ 52.56 crore. WSFL was entitled to agency fees at the rate of 5.50 *per cent* on the executed value of work *i.e* ₹ 2.89 crore[73]. This agency fee and executed value of work was to be within the sanctioned amount. It was observed that while floating the tender (April 2015) WSFL did not mention that it would charge the entitled agency fee of 5.50 *per cent* of the tendered value (₹ 2.89 crore). Since the difference between the sanctioned amount (₹ 52.56 crore) and the tendered amount (₹ 50.98 crore) was only ₹ 1.58 crore, WSFL could not recover its entitled agency fee of ₹ 2.89 crore and thus received an agency fee of only ₹ 1.58 crore *i.e.* it fell short by ₹ 1.31 crore. Thus, WSFL had forgone ₹ 1.31 crore from its entitled agency commission. The Government stated (November 2017) that to avoid recurrence of such incidence, appropriate clauses had been included in tender documents.

2.10.5 Statutory dues

Some of the statutory dues payable by the PSUs included service tax, income tax, labour welfare cess *etc*. Audit observed (July 2017) that during 2012-13 to 2015-16, North Bengal Development Department (NBDD) appointed **WSFL** as agent for execution of nine works on payment of agency fees.

In order to carry out these works, NBDD was required to provide funds to WSFL for onward payment to contractors. While making payments to the contractor, WSFL was required to make statutory deductions at source towards sales tax (three *per cent*), income tax[74] (two *per cent*) and Labour Welfare Cess (one *per cent*) from the gross bill adding up to six *per cent*. Similarly, NBDD was required to deduct[75] only the income tax at source from the agency fees payable to WSFL.

Audit observed that while disbursing the funds to WSFL for making onward payment to the contractors, NBDD had made statutory deductions at six *per cent* of the gross bill instead of ten *per cent* of the agency fee only. This resulted in excess deduction of statutory dues amounting to ₹ 4.24 crore as detailed in **Table 2.6**:

73 (₹ 52.56 crore × 5.50 *per cent*).

74 Under section 194C of Income Tax Act 1961.

75 As per section 194J of Income Tax Act 1961, (10 *per cent* of the agency fee).

Table 2.6: Excess deduction of statutory dues

(₹ in crore)

	Tax deducted by NBBD	Tax to be deducted	Excess deductions
1. Sales Tax	2.12	Nil	2.12
2. Income Tax	1.91	0.50	1.41
3. Labour Welfare Cess	0.71	Nil	0.71
Total	**4.74**	**0.50**	**4.24**

It was also noticed that WSFL had already deducted and deposited the same statutory dues while making payments to these contractors. This resulted in statutory dues being deducted twice against the same job. NBDD stopped (October 2016) excess deduction with concurrence from Finance Department, GoWB. WSFL had not yet received refund of the excess sales tax and income tax from the respective authorities till date (June 2017). Moreover, there was no provision for refund of cess. Government noted (November 2017) the observation of Audit.

2.11 Lack of monitoring of works and inadequate internal controls

The CPWD Manual, 2014 provides for monitoring of works, *inter-alia,* through construction schedules, progress charts, financial statements, photographs of works, site inspection *etc*. It was observed that these PSUs did not have any system in place for monitoring the progress and execution of works. Monitoring was restricted to conducting meetings with client for resolving hindrances, which cropped up during execution. Further, the PSUs had no separate Internal Audit Wing of their own. The system of internal audit was carried out by firms of Chartered Accountants/ Cost Accountants which did not analyse the performance of construction activities, covering aspects like engagement of sub-contractors, monitoring of projects, time and cost over-run, cost control/ economy *etc.* The Government stated (November 2017) that the scope of Internal Audit would be revised.

2.11.1 Deficiencies in internal controls

As per contract agreement/ work order, the PSUs should prepare programme of construction giving deployment of machineries and materials at different stages of work and timings for all activities, before undertaking the work, under intimation to its client. Further, as per Rule 366 of PWD code, GoWB, the site offices of PSUs should also prepare periodic progress reports for submission to client/ head office.

Deficiencies in internal controls are listed in the **Figure 2.4**:

Figure 2.4: PSU-wise deficiencies in internal controls

MBL

- As a contractor, had prepared monthly progress reports for only 23 *per cent* ongoing works (March 2017).
- No monthly progress reports prepared for agency works.
- Work programme omitted information regarding deployment of men, machineries and material.
- Project monitoring committee not constituted, Board rarely discussed implementation of works at its Meetings, no directions on follow-up issued.
- None of the site offices (four works) maintained required registers which resulted in formal extension of implementation period sparingly sought for by the PSUs as they could not be supported by chronological noting of cessation of work/ reasons thereof, impact included cost overrun and liquidated damages.
- MIS lacked date of commencement/ completion, valid time extensions, status of bill drawn/ realized, withheld/ retention amount, defect liability period, etc.
- Reconciliation of stocks with consumption norms not undertaken; works completion certificates (including handing over taking over records)/ running account bills not maintained; and capacity/ performance of empaneled contractors not evaluated.

WSFL

- Monthly progress reports for ongoing projects not prepared.
- Work programme omitted information regarding deployment of men, machineries and material.
- Monitoring committee for civil engineering projects, met six times in three months and held no meetings thereafter (March 2017).
- No registers maintained at site offices.
- Formal extension of implementation schedule beyond the stipulated time not available, impact included cost overrun.
- No Information Technology cell.
- Reconciliation of stocks with consumption norms not undertaken; works completion certificates (including handing over taking over records)/ running account bills not maintained; and capacity/ performance of empaneled contractors not evaluated.

BEL

- Monthly progress reports for ongoing projects not prepared.
- Work programme omitted information regarding deployment of men, machineries and material.
- Monitoring committee to oversee progress constituted in August 2012, met only twice as no periodicity prescribed.
- No registers maintained at site offices. Formal extension of implementation schedule beyond the stipulated time not available, as such, impacts included liquidated damages and termination of projects.
- No Information Technology cell.
- Reconciliation of stocks with consumption norms not undertaken; works completion certificates (including handing over taking over records)/ running account bills not maintained; and capacity/ performance of empaneled contractors not evaluated.

Government stated (November 2017) that usually MBL received monthly progress reports from project sites at regular intervals with exception of some sites. Further, WSFL and BEL would consider preparation of monthly progress reports.

2.11.2 Deployment of manpower

The Government notification for appointment of PSUs as nominated agencies for supervision and monitoring of works provided for the deployment of one graduate engineer along with two diploma engineers for each work. Management of MBL stated (November 2016) that at least one Engineer was deployed at all sites; WSFL and BEL did not fix any criteria for posting of engineers at site. During 2012-17, the ratio of jobs to manpower for MBL was 1.49. In the same period, the corresponding ratios for BEL and WSFL were 2.24 and 3.96 respectively.

Thus, MBL, WSFL and BEL had not deployed adequate staff at site offices for supervision as per the norm fixed by GoWB. Government stated (November 2017) that MBL manoeuvred its work force in such a manner that two or more projects located within near vicinity are entrusted to a particular engineer so as to optimise their utilisation. However the reply itself is contradictory to the Government order. Further, the following points emerged –

- BEL's site office at Malda had one person managing 27 works valuing ₹ 57.55 crore spread over entire North Bengal covering eight districts. The distance from work sites to site office in 27 cases ranged between 38 km to 285 km.
- Similarly, WSFL's site office at Bankura had one person managing 75 projects valuing ₹ 232.86 crore spread over entire South Bengal. The distance from work sites to site office in 75 cases ranged between 45 Km to 275 Km.

Government noted (November 2017) the audit observation and also stated that after restructuring work, needful action would be taken with regard to WSFL and BEL.

2.11.3 Inspection at site offices

Clause 5.2 of CPWD manual prescribes inspection of work at various stages by different levels of officers. The officers conducting inspection, should make recordings of inspection notes in the inspection register before passing the bill of the contractor. It was observed that there was no system of recording of inspections at site offices and the findings were not documented. As a result, adequacy and effectiveness of inspection by the PSUs could not be evaluated.

Government stated (November 2017) that inspections were conducted by the PSUs at regular intervals. However, there was no system of notings. In this regard it may be stated that recordings of Inspection notes should be maintained for follow-up measures.

2.12 Conclusion

The Performance Audit on management of works by three PSUs-MBL, BEL and WSFL noted that due diligence was not observed in preparing estimates and finalising contracts for various construction works/ projects. Deficiencies were noticed in making realistic estimation of tender price.

The PSUs violated guiding principles in framing terms and conditions in contract documents, *viz.* absence of provisions for defect liability period, ensuring deployment of adequate men and machinery and takeover of completed works by clients.

With regard to execution of works, Audit found that the works were not completed within schedule, which resulted in time overrun in most works. This had imposed additional financial burden on the PSUs by way of cost overrun, imposition of liquidated damages and termination of works by clients which were mostly avoidable. Moreover, quality of works executed was not ensured. Besides, contractors and sub-contractors were selected through limited tenders without ensuring wide publicity and the e-tendering process was not followed. As a result, additional expenditure was incurred on material procurement and extra expenditure incurred on executing additional works without prior approval.

Financial management did not ensure maximisation of revenue as bills were belatedly raised, advances were not recovered in time and agency fees were not claimed by the PSUs.

Deficiencies in monitoring of works, preparation of reports and deployment of manpower at work sites were observed. Internal controls were inadequate due to absence of internal audit and non-preparation of documents/ reports to ensure better management control over the performance of the PSUs.

Recommendations:

It is recommended that the PSUs may -

- *Maintain a database of their bids with rates.*
- *Prepare a checklist of terms and conditions that should invariably be included in each contract.*
- *Ensure that the tenders are given wide publicity.*
- *Update and revise periodically the database of material suppliers and sub-contractors.*
- *Obtain prior approval before undertaking additional works.*
- *Update their lists of on-going works and monitor payments to be received as per laid down timelines and actually received against these works.*

CHAPTER III

CHAPTER III

3. Compliance Audit

Important audit findings arising out of test check of transactions made by the State Government companies/ corporations are included in this chapter.

STATE TRANSPORT UNDERTAKINGS

3.1 Vehicular Emission by State Transport Undertakings in West Bengal during the period from 2012-13 to 2016-17

3.1.1 Introduction

According to the State of Environment Report, air pollution is proving to be an issue of concern in India. Air pollution and its resultant impacts can be attributed to emissions from vehicular, industrial and domestic activities. According to the Central Pollution Control Board (CPCB), transport sector contributes to 70 *per cent* of total pollution in Metros. Around 32 *per cent* of West Bengal's population lives[76] in locations, where the air quality is affected by emissions from industrial sources and road traffic.

By reducing air pollution levels, the burden of disease from stroke, heart disease, lung cancer and both chronic and acute respiratory diseases, including asthma, can be reduced.

CPCB[77] and West Bengal Pollution Control Board (WBPCB) pointed out[78] that vehicular emission is caused by (i) high average age of vehicles, (ii) increase in the number of vehicles, (iii) congestion, (iv) excessive fuel consumption, (v) adulteration of fuel and fuel products, (vi) absence of mass rapid transport systems *etc*. in operation of vehicles. CPCB observed (March 2010) that vehicular emissions can be controlled/ reduced through a combination of technical and non-technical measures. The technical measures include (i) improving fuel quality, (ii) enforcing vehicle emission norms, (iii) monitoring issue of Pollution Under Control (PUC) Certificates, (iv) using vehicles with advanced emission control devices, (v) issuing 'Certificate of Fitness'(CF) for 'in-use' vehicles only after inspection and requisite maintenance *etc*. Non-technical measures include building capacity for monitoring of vehicular emissions as well as ensuring environmental accounting and reporting.

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[76] Source: State of Environment Report of West Bengal 2016, P/243.

[77] Source: Para-1.0 of the Report of CPCB on Status of the vehicular pollution control programme in India-March 2010.

[78] Source: Annual Report (2012-13), Page-31

In West Bengal, five State Transport Undertakings (STUs)[79], owned by the Government of West Bengal (GoWB), run bus services across the state as well as in the neighbouring states. These STUs function under the overall guidance, control and policy of the Transport Department, GoWB.

Operational Performance

As of March 2017, these five STUs held 2,821 buses operating from 55 depots. In addition, they operated nine workshops[80]. The status of performances of the STUs in 2016-17 is given in **Annexure 5.**

3.1.2 Objective, Scope and Methodology of Audit

This thematic audit on impact of vehicular emissions by these five STUs was conducted between April 2017 and June 2017. It covered the period from April 2012 to March 2017 to evaluate:

- The Environment Plan and Policy outlined by the Government for mitigation of vehicular emissions by the STUs, and
- Environment Management System for reduction of emissions implemented by the STUs and the impact of vehicular emissions.

Audit methodology involved scrutiny of records maintained at the Head Offices of the five STUs and 16[81] depots (out of 55 depots). The related records of (i) WBPCB; (ii) Environment Department, GoWB; (iii) Public Vehicles Department (PVD), (iv) Kolkata/ West Bengal Police: Traffic Sections and (v) Transport Department, GoWB were also checked. Joint inspections at different locations of STUs were done. Testing of smoke emitted by STU-owned buses with smoke meters was carried out in the presence of officials of the STUs, *etc.*

Audit findings were reported to the (i) Transport Department, GoWB, (ii) the Environment Department, GoWB, (iii) WBPCB and (iv) the respective STUs in July 2017. Views/ replies[82] of the Transport Department, GoWB, WBPCB had duly been considered while finalising this Thematic Audit Report.

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79 Calcutta State Transport Corporation (CSTC), West Bengal Transport Corporation Limited (WBTCL) and West Bengal Surface Transport Corporation Limited (WBSTCL) cater to the passengers of Kolkata and its suburbs. South Bengal State Transport Corporation (SBSTC) caters to the passengers of South Bengal while North Bengal State Transport Corporation (NBSTC) caters to the passengers of North Bengal. Operation areas are after route rationalisation in June 2014 by GoWB.

80 Central Workshops-2 (CSTC-1 and WBTCL-1), Divisional Workshops-7 (SBSTC-2 and NBSTC-5).

81 **CSTC**: Nilgunge, Paikpara, Lake and Taratala; **WBTCL**: Ghasbagan and Tollygunge; **WBSTCL**: Howrah; **SBSTC**: Arambag, Haldia, Belghoria and Durgapur; **NBSTC**: Suri, Dinhata, Berhampore, Cooch Behar and Siliguri.

82 The STUs did not submit their views/ replies till January 2018.

3.1.3 Audit Criteria

The audit criteria adopted for assessing the achievement of audit objectives were derived from-

- Environment Policies of Government of India (GoI) and GoWB, plans and performance of the STUs;
- Acts, rules, regulations and notifications issued by the Central/ State Pollution Control Boards and Ministry of Environment and Forests, GoI and GoWB;
- Original Equipment Manufacturer's Manual (OEM) on repair and maintenance of buses;
- Guidelines of the Ministry of Road Transport and Highways (MORTH), GoI; orders of the Hon'ble Supreme Court of India/ Hon'ble Calcutta High Court/ Hon'ble National Green Tribunal (NGT), benchmarks applicable in other countries as well as good practices followed by other STUs.

Audit findings

The thematic audit brought out the deficiencies relating to control of vehicular emissions by the five STUs which are discussed in the succeeding paragraphs:

3.1.4 Planning for reduction of emissions

3.1.4.1 Non-preparation of plans

Government of India (GoI) had brought out National Conservation Strategy and Policy Statement on Environment and Development in 1992. Based on this, the Government of West Bengal (GoWB) had adopted (June 1995) the Policy Statement on Environmental Protection and Conservation of Natural Resources. Subsequently, GoWB framed (April 2012) the West Bengal State Action Plan on Climate Change. Specific roles were assigned to different departments, including the Transport Department. The policy and action plan included actions that were to be taken by concerned departments in order to mitigate green-house gas emissions. These were (i) encourage shifting from use of private to public transport, (ii) reduce use of fossil fuel through increased transmission efficiency, (iii) replace significant share of current stock of para-transit[83] and non-motorised vehicles modes with electric/solar powered vehicles.

[83] Para transit includes auto-rickshaws and cycle-rickshaws.

Audit observed (April to June 2017) that there was a time lag of about 17 years between the adoption of Policy Statement and framing of State Action Plan. However, there were no recorded reasons. The Transport Department had also not prepared requisite action plans to (i) protect and safeguard the environment from pollution, and (ii) mitigate green-house gas emissions arising out of vehicular emissions in operation of its STUs as stated in the Environmental Policy Statement and the State Action Plan. Moreover, the Government of West Bengal (GoWB) had also not chalked out an overall air-quality management plan. The Transport Department while accepting (November 2017) the observation did not intimate any reason for non-preparation of such action plans.

The Transport Department stated that the Environment Department, GoWB, looked after (November 2017) the overall environmental management and control of environmental pollution. The Environment Department, in its' reply (December 2017) had not responded to the audit findings. However, the Transport Department was silent about its own role in reduction of emission from STUs like preparation of action plans *etc*.

3.1.4.2 Non-creation of infrastructure for supply of CNG/ CBM

The Transport Department, GoWB held (July 2011) a meeting with WBPCB, oil marketing companies (OMCs) and coal bed methane (CBM)[84] producing companies. It was decided to (i) make available CBM as a clean fuel for public transport vehicles in Kolkata by December 2011 and (ii) OMCs would install a CBM dispensing station at either Kasba or Salt Lake depots of CSTC to ensure supply of CBM for proposed CNG driven State Government buses. Besides, CBM producing companies would furnish information regarding the production and availability of CBM for transport sector in Kolkata.

Audit observed that no action on the issues above had yet been taken by GoWB. Audit further observed that during 2011-12 to 2015-16, the production of CBM in West Bengal rose from 79.106 to 389.423 MMSCM[85] *i.e.*, the State's share of India's total production expanded from 94 to 99 *per cent*. This could have been used to lower release of air emissions. Besides, a CBM distribution network was operational since 2010 in the Asansol-Durgapur area. Mass transport vehicles in that area consumed approximately 1.80 tonnes of CNG daily in 2010-11 as compared to 0.51 tonnes by STUs in Asansol and Durgapur during February and March 2017.

84 According to Directorate General of Hydrocarbons, Coal Bed Methane (CBM), a non-conventional source of natural gas is now considered as an alternative source for augmenting India's energy resource. The vast majority of the best prospective areas for CBM development are in eastern India, situated in Damodar Coal valley and Son valley.

85 Million metric standard cubic metres.

CPCB had identified (December 2009) Kolkata, Howrah, Durgapur and Haldia as critically polluted areas. Production of CBM in West Bengal was sufficient and a distribution network also existed. However, the Transport Department had not chalked out plans to set-up CBM stations in those areas. Besides, GoWB's failure to create infrastructure had led to flaring of 2.81 lakh tonnes of CBM *i.e.,* 39.12 *per cent* of production in 2015-16 and 2016-17. This CBM could have been utilised for operation of 7,812 CNG buses annually.

Thus, due to GoWB's failure to ensure CNG/ CBM distribution network in Kolkata, Howrah and Haldia, CNG buses could not be operated. This inaction led to continued release of air pollutants that was avoidable/could have been averted.

The Government responded (November 2017) that the Transport Department would provide space at their depots for setting up the CNG and CBM dispensing stations. The oil marketing companies (OMCs), which were mostly Central PSUs had not set up those dispensing stations in Kolkata, Howrah and other urban areas.

The reply is not tenable as the NGT, Eastern Zone, observed that GoWB had objected in 2005 to the joint venture proposal of GAIL (India) Limited. According to this, GAIL was to supply CNG to Greater Calcutta Gas Supply Corporation Limited, a GoWB PSU. These objections had delayed introduction of CNG in Kolkata by 12 years. NGT had directed (October 2017) the Chief Secretary, GoWB to resolve the matter immediately.

Good Practice: Audit noticed that besides Delhi Transport Corporation had been operating CNG buses 97 per cent of its total fleet of 4,913 buses, 10 STUs[86] had operated 6,648 CNG buses as of March 2015.

3.1.4.3 CNG buses not introduced

The Report of the Expert Committee on Auto Fuel Vision and Policy 2025 (May 2014), GoI, refers to the use of CNG as an alternative fuel to diesel. Use of CNG results in reduction in emissions of (i) PM[87] by 97 *per cent*, (ii) carbon monoxide (CO) by 84 *per cent* and (iii) oxides of nitrogen (NO_X) by 58 *per cent*. Further, the Standing Committee of XVI Lok Sabha on Petroleum and Natural Gas (2015-16), observed (August 2016) that coal-bed methane (CBM)[88] can be converted to CNG and utilised for local transportation.

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86 (1) Andhra Pradesh State Road Transport Corporation, (2) Telangana State Road Transport Corporation, (3) Maharashtra State Road Transport Corporation, (4) Gujarat State Road Transport Corporation, (5) Uttar Pradesh State Road Transport Corporation, (6) State Transport of Haryana, (7) Bombay Electric Supply and Transport Undertaking, (8) Pune Mahanagar Parivahan Mahamandal Ltd., (9) Thane Municipal Transport Undertaking and (10) Ahmedabad Municipal Transport Services.

87 Particulate matter.

88 Coal Bed Methane is a form of natural gas extracted from coal blocks through drilling during underground mining.

In November 2016, WBPCB released a grant of ₹ 7.46 crore to SBSTC for procurement of 20 CNG buses in February 2017. These buses were to operate in Asansol-Durgapur area.

Audit observed that SBSTC procured (January 2017) only 10 CNG (BS-IV) buses from Ashok Leyland at a cost of ₹ 3.62 crore till June 2017. Analysis of operational performance of these buses in February and March 2017, showed average 14,802.40 Km run. They released lower quantities of CO_2 (24,091 Kg) as compared to diesel vehicles (31,085 Kg). As such, the CNG buses caused lesser pollution than diesel vehicles (reduction of 6,994 Kg CO_2).

Out of a total 2,821 buses with the five STUs, only 10 CNG buses (0.35 *per cent*) were in operation. The STUs did not take any major steps for increasing the fleet of CNG buses in the State despite availability of funds.

The Transport Department stated (November 2017) that the Government was very keen to introduce CNG and CBM operated buses, especially, in Kolkata and its neighbourhood and other urban areas with a view to curb the vehicular emission related environment pollution. However, it was silent about the timelines regarding introduction of CNG buses. Further, it had also not created the infrastructure (gas dispensing station, supply of CBM *etc*.) for introduction of CNG buses in Kolkata. As such, its professed keenness to introduce CNG buses was not reflected in its actions.

3.1.4.4 Expansion of services of trams not undertaken

According to the report[89] (June 2012) of the Institute of Urban Transport, GoI, trams are environment friendly and energy efficient transport system[90]. It had the potential to play an important role in the urban transport system of Kolkata. Further, the report also highlighted the lack of an integrated multi-modal public transport network[91] for the city. The report found that there was ample scope for improvement and rejuvenation of the tram operation system. It suggested interventions both at planning and strategic level, to be implemented within three[92] years.

Audit observed that WBTCL[93], the only STU operating trams, had an average fleet strength of 269 trams with track length of 114.34 Km as of March 2016. The average number of trams put on road during the year had reduced from 91 in 2013-14 to 80 in 2015-16. As the availability of trams had come down, the effective Km travelled *per* passenger/ day reduced by 20 *per cent* during 2013-16.

89 Renovation of Kolkata Tram to Light Rail Transit and the Tram Train Concept, June 2012.

90 Report of the Institute of Urban Transport, Ministry of Urban Development, GoI, P/ 10.

91 Integrated multi-modal transport system comprises of one trip that involves two or more than two different modes of transportations like bus, metro, car, tram *etc*., either Government or Privately operated; wherein – between passengers have to transfer into other modes.

92 Report of the Institute of Urban Transport, Ministry of Urban Development, GoI, P/ 24.

93 Incorporated (October 1982) with the main object of laying of tramways tracks and running of trams, the construction, maintenance and use of tramways and trolley buses in or near Kolkata, 24 Parganas, Behala and Howrah, carrying on the business of mechanical engineers and to undertake and carry out the overhaul and repair of trams, trolley buses, motors, motorcars, motor vehicles of all kinds.

Trams run by WBTCL were more environment friendly than the buses in the state. However, the Government did not frame a strategic plan for expansion of this service in Kolkata. The drop in availability of tram services led to their substitution by road transport. The number of public transport vehicles in Kolkata increased from 11,141 to 20,711 during 2012-17. This led to higher vehicular emissions in Kolkata.

The Government had in their reply (November 2017) mentioned that inadequate road space in Kolkata and slow moving trams were a limitation to expansion of tram services. Moreover, existing tram network was also being curtailed to create infrastructure for metro services.

The reply needs to be viewed in the light of the fact that trams can be an important component of the city's multi-modal transport network, with trams acting as feeders to metros. Moreover, Managing Director, Kolkata Metro Rail Corporation Limited also had expressed (March 2012) that the tram lines were mostly perpendicular to the metros and would continue to play an important role as feeder to the metro system. Thus, there was a need to integrate tram as an essential part of overall urban transport system in Kolkata.

3.1.5 Implementation of emission control measures

Emission control measures undertaken by the department and its performance against these measures are depicted in the **Figure 3.1.**

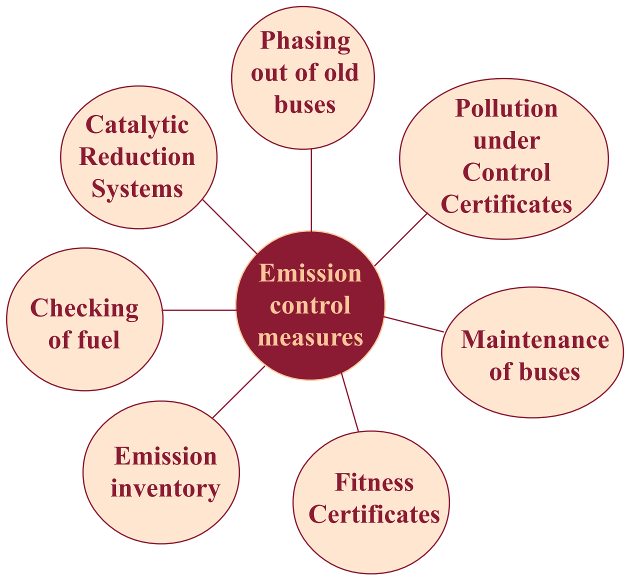


Figure 3.1 : Emission Control Measures

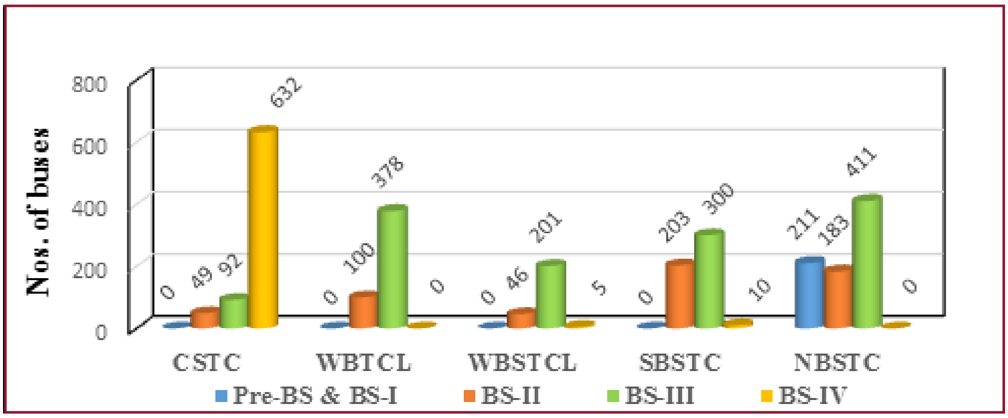
With regard to emission control measures prevalent in STUs, audit observed the non-compliance to extant rules/ measures as discussed in following paragraphs:

3.1.5.1 Non-phasing out of Bharat Stage-I (BS-I), Bharat Stage-II (BS-II) and Bharat Stage-III (BS-III) buses

According to Ministry of Road Transport and Highways, GoI (May 2016)[94], older vehicles (exceeding 10 years of age) and pre-Bharat Stage (BS)/ BS-I compliant vehicles, pollute 10 to 12 times more than a new vehicle. Further, older vehicles also have lower mileage which leads to more fuel consumption. The Transport Department, GoWB (November 2004)[95] fixed the normal age of buses owned by STUs as eight years. The Environment Department, GoWB notified (July 2008) that transport vehicles that were 15 years old and more should not be allowed to operate in the Kolkata Metropolitan Area (KMA). It also stated that BS-III compliant vehicles needed to be phased out by 31 March 2009. As per order of the Transport Department, GoWB[96] dated 7 August 2012, BS-IV norms were applicable for registration within the city of Kolkata from April 2010 and BS-III norms were applicable for the rest of West Bengal[97]. Only BS-IV vehicles were to be operated in metropolitan areas[98] with effect from April 2010. Further, MORTH, GoI notified (August 2015)[99] that BS-IV standards shall be effective from April 2017. Sale and registration of non BS-IV compliant vehicles/ buses was prohibited by Hon'ble Supreme Court[100] throughout India from April 2017.

Audit observed that in violation of GoI/ GoWB notifications/ orders, as of 31 March 2017, 2,172 buses (77 *per cent*)[101] operated by five STUs were pre-BS, BS-I, BS-II and BS-III as shown at **Figure 3.2.**

Figure 3.2 : Bharat Stage Analysis of fleet strength of each STU



Source: Information furnished by STUs

94 The Concept Note: Voluntary Vehicle Fleet Modernisation Programme.
95 Memorandum No.5077-WT/ TR/ O/ 2M-12/ 2003 dated 16 November 2004.
96 Notification No.2767-WT/ 3M-21/ 2012 dated 7 August 2012
97 This order was issued in reference to GoI Notification No.G.S.R.84 (E) dated 9 February 2009
98 Para-6.1.2 of Auto Fuel Policy's Road Map for control of vehicular pollution from new vehicles, Report on the status of the vehicular pollution control programme in India, March 2010.
99 GSR 643 (E) dated 19 August 2015.
100 Order dated 29 March 2017 of the Hon'ble Supreme Court of India.
101 Total buses 2821 that include Pre-BS : 197, BS-I: 14 buses, BS-II : 495 buses, BS-III: 1,468 buses and BS-IV: 647 buses.

Audit further observed that -

(i) One STU[102] was operating 27 buses which were more than fifteen years old as of March 2017.

(ii) Three STUs[103] were operating only 647 (22.94 *per cent* of the total fleet of STUs) BS-IV compliant buses as of March 2017.

(iii) Age analysis of all buses at these five STUs *(***Annexure 6**) showed that 676 buses were more than eight years of age *i.e*., beyond their normative useful life of eight years as prescribed by Transport Department.

(iv) CSTC, WBTCL and WBSTCL were operating within and around Kolkata since June 2014. BS-IV norms were applicable for Kolkata since April 2010. Yet, these three STUs had purchased 213 BS-III buses from July 2014 to March 2017. It was further observed, that to bypass requirement of purchase and registration of BS-IV buses, these buses were registered at Howrah and Durgapur Regional Transport offices. As the sanction cum allotment order issued by GoWB on release of funds did not contain any clause regarding compliance of procurement of BS-IV buses, STUs were escaping the compliance. This defeated the objective of reducing emission norms since BS-III buses emitted 38.11 to 486.42 *per cent* higher emissions than BS-IV buses[104].

Therefore, by continuing to use these over aged and non-compliant buses, the STUs had not only wilfully violated the BS norms but also contributed to higher pollution.

The Government accepted (November 2017) the observations. They added that all non-BS-IV compliant buses would be replaced within next two to three years. Further, battery operated/ electric buses/ e-rickshaws were being introduced. The reply was, however, silent about the introduction of non-BS IV compliant buses in KMA, in deviation of notifications.

3.1.5.2 Pollution under Control (PUC) Certificate and testing of buses

Rule 116 (7) of the Central Motor Vehicles Rules (CMVR) 1989 and Central Pollution Control Board's Report (March 2010) specify that after expiry of one year from the date of registration, every vehicle shall obtain "Pollution under Control" (PUC) certificate every six months. Also, the vehicles more than 15 years have to obtain re-registration certificate. Operation of vehicles without PUC certificate is liable to a penalty[105] of ₹ 1,000 in the first instance with ₹ 2,000 for each subsequent default. Audit noticed that only 23 *per cent* of the total vehicles registered with the Public Vehicles Department[106] (PVD) had undergone PUC test every year. The remaining 77 *per cent* of vehicles were plying without PUC.

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102 Pre-BS and BS-I buses: NBSTC.

103 CSTC: 632 buses (79 *per cent* of the total fleet), WBSTCL: five buses (2.42 *per cent* of the total fleet) and SBSTC: 10 buses (1.39 *per cent* of the total fleet).

104 Source: Emission factor developed (2011) by Automotive Research Association of India, Ministry of Heavy Industries and Public Enterprises, GoI.

105 Section 190 (2) of the Motor Vehicles Act.

106 The Regional Transport Authority for Kolkata functioning under the Transport Department, GoWB that among other responsibilities undertakes registration of motor vehicles and related functions.

According to the norms fixed (March 1996) by CPCB, four mass emission parameters[107] were to be met by each vehicle in respect of (i) carbon monoxide, (ii) oxides of nitrogen/ sulphur, (iii) particulate matter and (iv) smoke density[108]. Audit observed from PUC certificates of all five STUs that only one parameter *i.e.*, smoke density test was conducted as per aforesaid rule. However, it was seen from the show cause notices issued by Transport Department, GoWB (May 2010 to June 2016) to 78 buses[109] of CSTC, WBTCL and SBSTC (outside Howrah) that all the above mentioned four parameters were checked. While CSTC conducted the smoke density test in-house, the other four STUs had outsourced them to automobile emission testing centres (AETCs).

The Environment Department replied (December 2017) that PUC standards for on-road diesel driven vehicles was only smoke density. The reply is not acceptable as WBPCB's standard was based on the direction (April 2009) of MORTH, GoI which took into account other three parameters (*viz*. carbon monoxide, oxides of nitrogen/sulphur, particulate matter) also for measuring emission. The norms of CPCB, which were primary, had also specified the checking of the four mass emission parameters. Moreover, CSE[110] had observed (December 2016) that the current density tests were archaic and not a good practice for measuring particulate matter emission.

In this connection, Audit observed the following:

(i) Test check of records relating to testing pollution (smoke density) by buses at 16 depots[111] out of 55 depots of five STUs during 2016-17 is given at **Annexure 7**. It would be seen from the Annexure that 16 depots of five STUs conducted smoke density test on 952 occasions in 2016-17 as against requirement of 2,251. It amounted to only 42.29 *per cent* of the statutory requirement.

(ii) WBSTCL did not obtain any PUC certificate for 85 buses at Howrah Depot. These included 24 buses that were more than 10 years old. Similarly, the Belghoria, Arambag and Durgapur depots of SBSTC had never conducted smoke tests for 149 buses (100 *per cent*). Consequently, compliance of emission standards by these 234 buses were not ascertained.

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107 For BS-II buses- CO (g/km hr), HC (g/km hr), NOx (g/km hr) and PM (g/km hr) and for BS-III buses CO (g/km hr), HC (g/km hr), NOx (g/km hr) and PM (g/km hr).

108 Maximum emission norms of up to 65 Hartridge Smoke Units (HSU) for BS-III and 50 HSU for BS-IV.

109 CSTC – 54; WBTCL– three; SBSTC – 23.

110 Centre for Science and Environment, a public interest research and advocacy organisation based in New Delhi. It had submitted, on the directions of the Hon'ble Supreme Court of India, an Action Taken Report: Examination of the Pollution Under Control (PUC) system as submitted by the Union Government on 2 December 2016 to the Hon'ble Supreme Court and recommendations to improve compliance, enforcement and effectiveness of the system.

111 CSTC: Nilgunge, Paikpara, Lake and Taratala; WBTCL: Ghasbagan and Tollygunge; WBSTCL: Howrah; SBSTC: Arambag, Haldia, Belghoria and Durgapur; NBSTC: Suri, Dinhata, Berhampore, Cooch Behar and Siliguri.

(iii) CSTC's depots had not calibrated their Smoke Testing Machines within the due date (27 March 2017). As a result, the readings obtained by CSTC by its smoke testing machines were not reliable.

(iv) At Siliguri and Suri depots of NBSTC, the readings for all types of buses (non-BS: one bus, BS-II: 39 buses, and BS-III: 120 buses), which were registered between October 2002 and December 2016 were found the same during the entire period of 2016-17. Further, in the 952 instances of smoke density tests, it was seen that PUC was invariably granted in all the instances. This was despite the paucity of testing, non-functioning of test machines, non-calibration of testing machines *etc*. This cast doubt on the veracity of the PUC testing by the STUs.

(v) Transport Department, GoWB in its notification[112] (July 2004) stated that all the AETCs of the State should upgrade their testing facilities, among other measures, with a provision for networking among the AETCs and with the RTAs by 31 August 2004.

The Transport Department, GoWB had (i) not implemented networking of AETCs with the RTAs for monitoring and control of ambient air quality and containment of air pollution till March 2017 *i.e*., almost 13 years from the date of issue of notification (ii) not ensured upgradation of machineries with BS-IV compliant machineries/ software *etc*., by the AETCs. Four STUs excluding CSTC had obtained PUC certificates from AETCs. This had brought down the level of assurance regarding the 'PUC' issued to the STUs.

The Environment Department responded (December 2017) that WBPCB was responsible for checking and technically evaluating applications for AETCs in terms of Transport Department's notification of July 2004. The reply was not justified since WBPCB is also empowered[113] to monitor and control the AETCs by periodic inspection of their records and verify equipment.

Further, the National Green Tribunal (NGT) had directed[114] (May 2015) the Commissioners of Police of Kolkata and Howrah to check all vehicles plying in the twin cities for valid 'PUC' certificate. Action was to be taken against the vehicle owners who are running vehicles without valid 'PUC' certificate. Audit observed that the Kolkata Police operated an anti-pollution cell under the Traffic department. However, Howrah Police had no such anti-pollution cell.

The Government accepted the observations (November 2017). It added that IIT Kharagpur had been engaged to study and work out a standard equipment and service protocol for automatic testing, networking of AETCs *etc*. Further, efforts would be taken to closely monitor the pollution levels of the STUs' bus fleets, especially with respect of old buses.

[112] No.3357-WT/3M- 7/2003- 2004 dated 28 July 2004.

[113] Terms and conditions to the AETCs' application (Clause 21).

[114] Miscellaneous Appeal No. 86/ 2015/ EW dated 6 May 2015.

3.1.5.3 Improper and irregular maintenance of buses led to adverse effect on emission performance

According to Operators' Manual of buses prepared by the bus manufacturers, emission performance of a vehicle is dependent upon scheduled maintenance[115] of vehicles after operating it for a specified number of Kms. It is possible to reduce 30 to 40 *per cent* pollution[116] generated by vehicles by proper inspection and maintenance through periodic checking of the fuel system, air-charging system, exhaust system, brakes and tyres, and engine of a vehicle. For reduction of emission, air filters, oil filters and fuel filters of a vehicle are to be regularly[117] cleaned/ replaced as prescribed in the respective manuals.

Test check of records for the period 2015-16 and 2016-17 related to preventive maintenance by four STUs[118] (*viz*. CSTC, WBTCL, SBSTC and NBSTC) showed inadequate maintenance of buses (**Annexure 8**) with shortfall ranging between 10.94 to 100 *per cent.* The impact of inadequate maintenance/ non-replacement of different components such as air filters (AF)[119], fuel filters (FF)[120], fuel injection pumps (FIPs), injectors[121], change lubricants and oil filters[122] was that :

- the air/ fuel filters got dirty/ were clogged by accumulated dirt/ contaminants,
- the fuel pump and injectors rapidly wore out, causing untidy injection and excessive nozzle cavity volume, and

115 Maintenance of injectors, fuel injection pump, fuel filters, injection timing, electronic diesel control system, cleanliness of diesel and diesel tank, valve clearance, air clearance, engine breather, silencer, piston/ ring/ valve of engine. Proper/ routine maintenance of vehicles reduces pollution by 30 to 40 *per cent*.

116 Para-6.1.3.1 of the report of CPCB on 'Status of the Vehicular Pollution Control Programme in India' (March 2010).

117 Air Pollution through Vehicular Emissions in Urban India and Preventive Measures by P.R. Sood – 2012 International Conference on Environment, Energy and Biotechnology, Singapore.

118 WBSTCL, in its Howrah depot did not produce records related to preventive maintenance of buses.

119 An air filter is a device composed of fibrous materials which removes solid particulates such as dust, pollen, mould and bacteria from the air. Filters containing an absorbent/ catalyst such as charcoal (carbon) may also remove gaseous pollutants such as volatile organic compounds or ozone.

120 A fuel filter is a filter in the fuel line that screens out dirt and rust particles from the fuel, normally made into cartridges containing a filter paper.

121 Fuel Injection is the introduction of fuel in an internal combustion engine by the means of an injector. Fuel injection atomises the fuel through a small nozzle (injectors) under high pressure into the airstream which results in complete combustion of fuel.

122 Various oil are used for lubrication of internal combustion engines and it helps to reduce wear on moving parts, cleaning of sludge, inhibits corrosion and cools the engine by carrying heat away from moving parts. Oil filter is a filter designed to remove contaminants from engine oil.

- there was improper lubrication of moving components leading to excessive engine friction.

These resulted in incomplete combustion/ higher consumption of fuel with increased emission of smoke.

The Government in their reply (November 2017) stated that all STUs had acute shortage of technical staff. Action was underway to fill up some of the critical vacancies. Besides, some STUs had started outsourcing of maintenance jobs which resulted significant improvement in running the buses. The reply is not acceptable as environmental issues were not to be compromised for administrative reasons.

3.1.5.4 Failure to issue Certificate of Fitness (CF)

Rule 62 of CMVR 1989 specified that the validity of CF of new vehicle is two years. CF is to be renewed every year after fulfilling 15 parameters which also includes exhaust emissions/ PUC norms. MoRTH, GoI observed[123] (June 2014) that an increasing number of vehicles in India were not in a roadworthy state. Poor maintenance and servicing of old in-use vehicles damaged the environment and posed great safety hazard on road.

It was seen that GoWB authorised (October 1998/ August 1999) all the STUs to inspect and annually grant/ renew CF for their own buses. Subsequently, GoWB amended (June 2016) the provisions requiring that CF be issued by an engineer of the STU not below the rank of Assistant Engineer. It was observed that the STUs were also required to file the CFs annually along with requisite fees to the concerned registering authority. In this regard, Audit observed the following:

- Only NBSTC had complied with this requirement of filing CFs annually.
- From April 2012 to October 2016, CSTC conducted CF tests of the buses based on eye estimation as the Smoke Testing Machine was out of order.
- In WBSTCL, WBTCL and SBSTC there was no mechanism for annual inspection and issue of CF for their buses. Thus, SBSTC, WBSTCL and WBTCL operated buses without even certifying their fitness. These led to additional emissions as seen by spot testing reports/ show cause notices of PVD, Transport Department which showed that emissions by STU buses exceeded permissible limits.

The Government accepted the audit observation and stated (November 2017) that STUs had been requested to ensure close monitoring of fitness. Monitoring would be improved with filling up of technical staff of the STUs.

3.1.5.5 Emission Inventory[124]

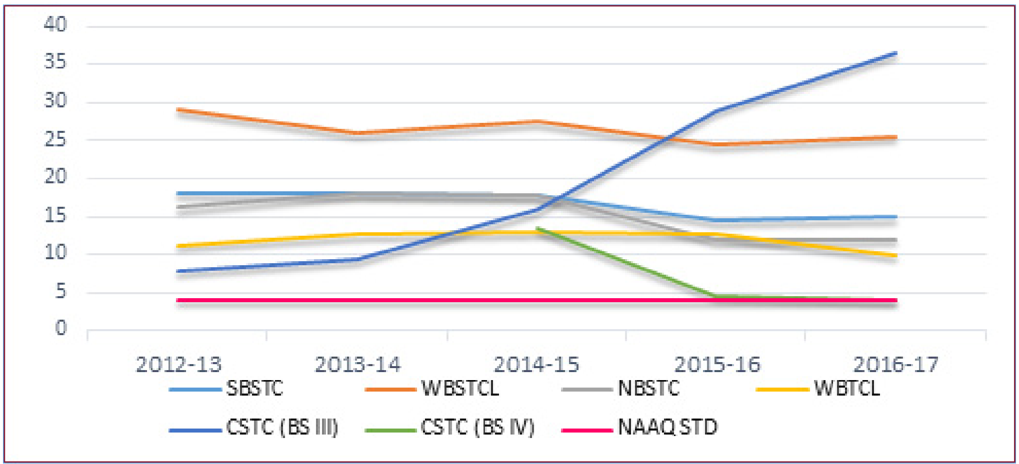
Emission inventory is the accounting of the quantity of the pollutants discharged in the air. According to CPCB, estimation of emission loads is essential to ascertain the share of various emitting sources to the total emission load generated

[123] **Source:** Project for establishment of inspection and certification centre for motor vehicles, Ministry Of Road Transport and Highways, Government of India of 26 June 2016.

[124] Report on Status of pollution generated from road transport in six megacities, CPCB, March 2015

in a region to enable understanding the various mitigation strategies to be adopted. The hourly average quantities of carbon monoxide (CO) released in the air by the vehicles of five STUs *vis-a-vis* National Ambient Air Quality Standards (NAAQ) during the last five years upto 2016-17 is presented in **Figure 3.3**.

Figure 3.3: Emissions by STUs



Source : Data compiled from STUs' records and CPCB standard

From the figure, it can be observed that:

- All the BS-III buses operated by STUs discharged CO[125] much higher than the norm of NAAQ.
- With the introduction of BS-IV buses by CSTC from 2014-15, discharge of CO in the air showed a reducing trend and was within the NAAQ standards as of March 2017.

Discharge of higher quantities of such pollutant by STU buses were attributable to (i) inclusion of old buses of BS-I, BS-II and BS-III categories in the total fleet, (ii) higher consumption of oil per Km run and (iii) improper maintenance of vehicles by the STUs as discussed in **Paragraphs 3.1.5.1 and 3.1.5.3**.

The Government stated (November 2017) that it expected that by rolling out larger numbers of BS-IV compliant buses to replace older buses, the emission levels would reduce. Lately, the drivers of STUs were being given training to improve fuel efficiency, promote safe driving *etc*.

[125] SBSTC buses - 263.10 *per cent* (2015-16) to 349.70 *per cent* (2012-13), WBSTCL buses - 506.50 *per cent* (2015-16) to 621.70 *per cent* (2012-13), NBSTC buses - 196.20 *per cent* (2015-16) to 299.50 *per cent* (2012-13), WBTCL buses - 147.50 *per cent* (2016-17) and 223.60 *per cent* (2014-15), and CSTC buses - 91.90 *per cent* (2012-13) to 809.40 *per cent* (2016-17).

3.1.5.6 Absence of quality checking of fuel

According to CPCB (March 2010)[126], adulteration of fuel and fuel products is a reason for air pollution. STUs procured fuel from oil companies directly as well as from the retail suppliers. It was seen that the agreements between the STUs and oil market companies (OMCs) provided that if there were any anomalies in the quality at the time of delivery to the STUs, the STUs would be compensated by the OMCs accordingly. During 2012-17, Audit observed that these STUs had consumed 2.02 lakh Kilolitres (Kls) High Speed Diesel (HSD)[127]. This would have caused discharge of 104.76 lakh Kgs of CO_2 in the air[128]. STUs had not checked quality and quantity of HSD procured in bulk from OMCs in the expectation that they had properly monitored at their end.

Audit observed from the correspondence with Indian Oil Corporation Limited by NBSTC that, at the Central Bus Terminus (CBT), Cooch Behar, water was found (May 2017) mixed with HSD. The mixing of water with HSD was attributable to leakages in the fuel dispensing pipe. This led to suspension of 80 trips, damage to 34 fuel oil filters and discarding three Kl of HSD mixed with water. This indicated that the quality of HSD was not regularly checked.

The Government stated (November 2017) that STUs had been directed to monitor the quality of fuel supplied by the OMCs.

3.1.5.7 Excess emissions of NOx gases due to non-functioning of Selective Catalytic Reduction system

Selective Catalytic Reduction (SCR) system[129] is required to treat engine exhaust to meet BS-IV emission norms. The SCR system is used for reducing oxides of nitrogen by dosing with an additive. As per the Operators' Manual, for an additive, in the ratio of three litres for every 100 litres of HSD, is required for dosing.

As of March 2017, CSTC operated 234 BS-IV buses and consumed 2.09 lakh litres of additive and 100.90 lakh litres of HSD. Mixing of the additive in reduced[130] proportion could neutralize NO_X emissions in respect of 69.65 lakh litres of HSD only. Resultantly, 31.24 lakh litres of HSD released 8,375.50 Kg of NO_X in the atmosphere. Further, the SCR systems of 43 vehicles in four selected depots[131] were not functioning properly due to defect in dosing units of SCR system leading to higher emissions of NO_X even after dosing with the additive.

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126 Para-6.4 of Status of the Vehicular Pollution Control Programme in India, March 2010.

127 As per Mangalore Refinery and Petrochemicals Limited, HSD is a complex mixture of hydrocarbon normally used as a fuel in medium and high speed compression ignition engines of vehicles.

128 Calculated as per India Green House Gas programme 2015 (India Specific Road Transport Emission Factor) at Page/ 30.

129 As per operators' manual SCR, is a compact system/ unit installed inside the exhaust silencer housing of a vehicle. This system is provided to treat engine exhaust to meet the BS-IV emission norms.

130 2.07 litres of additive for every 100 litres of HSD.

131 Taratala Depot-22, Lake Depot-08, Paikpara Depot-11 and Nilgunje Depot-02.

The Government had directed (November 2017) the STUs to look into the matter and take appropriate action at the earliest.

3.1.6 Environmental Reporting

The Environmental Protection Act, 1986 enforces[132] adoption of environmental reporting in India. According to Generally Accepted Accounting Principles (GAAP) of India, Chapter-2, Environmental Accounting[133] forms that part of accounting which deals with the environmental concerns. Audit observed that none of the STUs had adopted environmental reporting[134] and costing system[135]. Further, the Transport Department had also not issued any directives on the Green Gross Domestic Product (GDP) Accounting.

The Government stated (November 2017) that the STUs had been directed to take appropriate action at the earliest. But reasons for non-compliance were not stated.

3.1.7 Lack of adherence to statutory requirements

Workshops and depots of STUs conduct various maintenance and overhauling activities. Water, Air and Sound pollution arises while performing these activities. Under the prevailing legislative enactments[136], STUs must take initiatives to control pollution and tackle environmental challenges.

3.1.7.1 Consent to Establish and Consent to Operate not obtained: Pollution Control Board Norms

WBPCB had periodically[137] issued orders under Water (Prevention and Control of Pollution) Act, 1974 or under Air (Prevention and Control of Pollution) Act, 1981 regarding classification of industries. These orders specified that automobile workshops and service centres were required to obtain consents to establish and operate from WBPCB. Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, specified that no person shall, except with the previous consent of

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132 Section-20.

133 According to Environmental Agency of UK "Environmental Accounting is the collection, analysis and assessment of environmental and financial performance data obtained from Business Management Information System (BMIS)".

134 Karnataka State Road Transport Corporation discloses environmental information in its Annual Report.

135 Lifecycle Costing, Activity-Based Costing, Strategic cost accounting systems to evaluate the 'whole-of-life' costs in terms of carbon emissions, Hierarchical Cost Analysis, Balanced Scored Card *etc*.

136 Environment (Protection) Act, 1986, The Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977 and the Noise Pollution (Regulation and Controls) Rules, 2000.

137 No. 1512/4A-18/2010 (Pt.I) dated 14 June 2016.

the State Pollution Control Board (SPCB), establish or operate any industrial plant in an air pollution control area. Further, Sections 24, 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974 provide that no person shall knowingly cause or permit flow of any poisonous, toxic or polluting matter into any stream, well, sewer and land without treating it.

Audit observed that while five[138] STUs had operated 65 workshops without obtaining consents to establish/ operate, two[139] workshops of WBTCL had obtained (September 2004 and January 2009) consents to operate but failed to renew them for 138 and 80 months as of March 2017. Reasons for these deficiencies were not on record.

Moreover, the five STUs operating nine central/divisional workshops[140] were required[141] to submit to WBPCB annually, an Environmental Statement in Form V[142]. Audit observed that none of the STUs had submitted Environmental Statements to WBPCB during the last five years.

The Government had instructed (November 2017) the STUs to obtain clearances for operation of their workshops/ depots *etc*.

3.1.7.2 Air Quality of Howrah and Kolkata: NGT's directions

Under the directions of NGT[143] (November 2015) WBPCB constituted (November 2015) an Expert Committee to deal with the problem of ambient air pollution in Kolkata and Howrah due to heavy traffic movement. The Expert Committee observed (January 2016) that the annual average values of the air pollutants in Kolkata during last three years up to November 2015 were above the respective standards. The committee proposed (February 2016) 21 recommendations (**Annexure 9**) for containment of air pollution caused due to heavy traffic movement in Kolkata and Howrah. These recommendations were to be implemented by GoWB within six months[144]. With regard to compliance with NGT orders, Audit observed the following:

- GoWB claimed to have implemented two recommendations *viz*., it had (i) engaged (September 2016) NEERI[145] for source apportionment study to be

138 CSTC, WBSTCL, SBSTC, NBSTC and WBTCL.

139 Park Circus and Ghasbagan.

140 SBSTC: One Central/ two Divisional and 12 Depot workshops, NBSTC: One Central/ four Divisional and 21 Depot workshops, WBSTCL: Six Depot workshops (including three Marine Depots), WBTCL: one Central and nine Depot workshops, CSTC: One Central and 12 Depot workshops.

141 Under Rule-14 of the Environment (Protection) Rules, 1986.

142 The statement discloses water and raw material consumption, pollutants discharged to the environment and quantum of solid wastes and hazardous wastes generated by the units.

143 In its order dated 17 November 2015 on Original Application No.33/ 2014/ EZ (Subhas Dutta Vs. State of West Bengal).

144 According to order of NGT dated 11 August 2016, Para 40.

145 National Environment Engineering Research Institute under Council of Scientific and Industrial Research.

submitted in two years, (ii) integrated (January 2016) data from automatic ambient air-quality stations at Kolkata and Howrah with the National Air Quality Index System.

- Four recommendations were not implemented.
- Status of remaining 15 recommendations as of March 2017 was not known.

NGT attributed (August 2017) non-implementation/ non compliance with its orders to laxity on the part of the Government.

The Government stated (November 2017) that appropriate action had been taken to comply with NGT's instructions. The reply is not acceptable as even in August 2017, NGT had found Transport and Environment Departments, GoWB's compliance with the directions unsatisfactory.

3.1.7.3 Zero Tolerance Pollution free Zone: Hon'ble Supreme Court's directions

The Hon'ble Apex Court ordered (September 2011) the State to relocate the Esplanade Bus Terminus in Kolkata which was a cause of pollution and threat to the greenery within the heart of the city. As per the recommendation (January 2014) of the High Power Committee[146], necessary steps would be taken so that the area around Esplanade Bus Terminus in Kolkata would be declared as Zero Tolerance Pollution free Zone.

Audit observed that the Transport Department decided (May 2013) to shift the Esplanade and Babughat bus Terminus to Santragachi, Howrah. The Department had developed (May 2015) the bus terminus at Satragachi at a cost of ₹ 22.92 crore. Audit observed that (i) CSTC had shifted (June 2013) their bus terminus from Esplanade area, (ii) NBSTC had not shifted bus operations[147] from the Esplanade area, despite availability of an alternative at depot in Kolkata, (iii) SBSTC, WBSTCL and WBTCL had also not shifted their buses from the Esplanade area and (iv) private buses operators had also not relocated to Santragachi.

The Government elucidated (November 2017) that action was being taken in phases to shift bus terminus from Esplanade.

3.1.8 Conclusion

Air pollution and its impact is an issue of concern in India. Air pollution is caused by emissions from vehicular, industrial and domestic activities. Despite this, the Transport Department, being the nodal department concerned for vehicular issues –

[146] Constituted by order of the Hon'ble Division Bench of Calcutta High Court in WP No.7987 (W) of 2002 dated 13 September 2013.

[147] NBSTC: 50 buses, SBSTC: 133 buses, WBSTCL:30 buses and WBTCL: 50 buses ply at an average time interval of 15 minutes to 60 minutes daily.

- **Had not prepared action plans (i) to protect and safeguard the environment from pollution and (ii) mitigate green-house gas emissions arising out of vehicular emissions in operation of its STUs.**
- **Had not chalked out an air-quality management plan for vehicles.**

Consequently, attempts to introduce (i) environment-friendlier CNG vehicles and (ii) revive operations of trams in highly polluted urban areas had not materialised.

The STUs did not comply with extant regulations with regard to air pollution. It was seen that majority of buses operated were non-BS compliant and their road worthiness was suspect due to inadequacies in the system of issue of PUCs and CFs. Further, the STUs failed to adopt the manufacturers' maintenance schedules to restrict emissions and fuel consumption. There were shortfalls in testing the actual emissions according to the defined parameters. Many of the auto emissions testing centres from which certificates were obtained were operating without valid licenses. As such, the actual emissions being released by these STUs in the state were underestimated, having serious implications on health and environment. It was also seen that all the STUs were running buses which were found to be violating the air quality norms defined by CPCB. No EMS to address air pollution issues on a sustained basis was seen in any of the STUs. Further, requisite consents to establish and operate workshops had not been obtained. In its operations, the STUs violated Hon'ble Supreme Court, Hon'ble High Court and NGT's directions regarding measures to control air pollution in the state.

West Bengal Mineral Development and Trading Corporation Limited

3.2 Compliance with rules made under Mines and Minerals (Development and Regulation) Act, 1957

3.2.1 Introduction

West Bengal Mineral Development and Trading Corporation Limited (WBMDTCL) was established in 1973 as a State Government Company. It functions under the Industry, Commerce and Enterprises Department, Government of West Bengal (GoWB). WBMDTCL's goals[148] are to (i) develop and exploit coal and other minerals; (ii) facilitate the growth and development of mining and mineral based industries; (iii) acquire land, mines and mining rights in West Bengal and outside; and (iv) explore, mine, process and market minerals and mineral-based products.

148 Mentioned in WBMDTCL's Mission Statement.

During 2012-13 to 2016-17, WBMDTCL had produced an aggregate[149] of 6.01 million metric tonnes (MMT) of coal, black stone, quartz and feldspar. It also produced 328 cubic metres (M^3) of granite. Details of the mines allotted/ operated by WBMDTCL during 2012-13 to 2016-17 is given in the **Annexure 10.**

Out of 15 mines/ blocks allotted/ operated by WBMDTCL, allotment of six[150] coal blocks was cancelled by the Hon'ble Supreme Court with effect from September 2014/ March 2015. Of the remaining nine mines, three[151] were operative as of March 2017. One (Beldih Apatite Mine) had discontinued operations from June 2011 while five[152] had not yet commenced mining.

As of March 2017, the management of WBMDTCL was vested in the Board of Directors (BoD) comprising of seven members, headed by the Chairman. The Managing Director (MD) was the Chief Executive.

Working results of WBMDTCL for the years 2012-13 to 2016-17 are detailed in **Table 3.1**:

Table 3.1: Working results of WBMDTCL from 2012-13 to 2016-17

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
A. Total Revenue	113.52	284.44	478.22	65.81	67.02
B Total Expenses	106.03	243.80	358.92	64.43	65.56
C. Exceptional items	0	0	62.52	0	0
D. Profit before tax (A – B – C)	7.49	40.64	56.78	1.38	1.46
E. Provision for taxation	1.07	14.41	19.79	0.56	0.51
F. Profit for the period (D – E)	6.42	26.13	36.99	0.82	0.95

It was seen from the Table that annual profits had increased by 476.17 *per cent* in 2014-15 over 2012-13. This was due to extraction and sale of coal from Trans Damodar Coal Block (TDCB) from May 2012. Subsequently, profit had fallen by 97 *per cent* during 2015-16 and 2016-17 as compared to 2014-15. This fall was the result of cancellation of allotment of TDCB by the Hon'ble Supreme Court of India in September 2014.

[149] Coal: 2.12 MMT, Black Stone : 3.75 MMT, Quartz : 46,210 MT and Feldspar : 85,886 MT.

[150] Trans Damodar Sector Block, Jaganathpur-A, Jaganathpur-B, Ichhapur, Kulti and Sitarampur.

[151] Pachami Blackstone Mine, Malti Fire Clay Mine and Bara Panjania Granite Mine.

[152] Mukdamnagar China/ Fireclay Mine, Palsara-I Blackstone Mine, Palsara-II Blackstone Mine, Mirmi Quartz/ Feldspar Mine and Gourandih Coal Mine.

3.2.2 Scope and methodology of Audit

Audit conducted from April 2017 to June 2017 and in October 2017 to assess WBMDTCL's compliance with rules[153] under the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957. The audit covered the period between 2012-13 and 2016-17. Audit methodology involved the scrutiny of records at Head Office of WBMDTCL and one Unit office[154] in Purulia. The examination included Board Agenda/ Minutes, mining/ closure plans, environment impact assessment (EIA)/ environment management system (EMS) reports, actual mining data relating to mines worked during 2012-17, management information reports, credit policy and internal controls.

The audit criteria were derived from (i) Mining Leases (Modification of Terms) Rules[155], 1956 (MLMTR 56), (ii) Mineral Concession Rules, 1960 (MCR 60), (iii) Mineral (Conservation & Development) Rules, 1988 (MCDR 88), (iv) Granite (Conservation & Development) Rules, 1999 (GCDR 99), (v) West Bengal Minor Minerals Rules, 2002 (WBMMR 02), (vi) West Bengal Minerals (Prevention of Illegal Mining, Transportation and Storage) Rules, 2002 (WBMPR 02) and (vii) Environment (Protection) Act, 1986 including rules made thereunder.

Audit Findings

The life cycle of every mine involves five stages: (i) identifying potential mining locations; (ii) undertaking of prospecting and detailed exploration; (iii) granting of mining leases; (iv) undertaking mining operations; and (v) closing down of the mine when it can no longer be exploited including reclamation of the area. In India, survey of minerals[156], done by the Geological Survey of India, is the main basis for geological mapping, regional mineral resource assessment, identifying areas bearing mineral deposits and evaluation of quantity of reserves of minerals. As such, WBMDTCL's area of operation extends to only the last four stages of life cycle of a mine. Compliance with these have been discussed in the succeeding paragraphs. The observations have been segregated into two categories *i.e.*, coal and non-coal mining activities.

3.2.3 Prospecting and detailed exploration

Prospecting and detailed exploration is an invasive process involving close spaced drilling[157] (depending on the mineral) and substantial testing[158] to establish

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[153] Issued by the Government of India (GoI) and Government of West Bengal (GoWB).

[154] One factory office in Purulia and another Unit office in Birbhum not covered.

[155] Section 29 of Mines and Minerals (Development and Regulation) Act, 1957 specifies that rules made under the Mines and Minerals (Regulation and Development) Act, 1948 shall continue till being superseded.

[156] Source: E-Book on Mineral Sector, Ministry of Mines, Government of India (February 2016).

[157] Closed space drilling is a grid where boreholes are drilled in close proximity to delineate - with a high degree of accuracy - size, shape, structure, grade and other relevant characteristics of a mineral deposit.

[158] A method of detailed prospecting to establish economic viability of a mineral reserve.

commercially exploitable mineral ore deposits located either at or below the surface of the earth.

Coal

3.2.3.1 Delay in achieving milestones

The MMDR Act, 1957[159] mandates that operations should commence within two years from execution of a mining lease, else the lease shall lapse. To maintain this timeline, the Ministry of Coal (MoC), Government of India (GoI) had specified[160] 14 to 18 milestones (total 95 milestones) to be achieved for each of the six coal blocks allotted (January 2005 to December 2007) in West Bengal. These milestones were with regard to obtaining prospecting license, geological report (GR), mining plan[161], forest clearance[162], environment clearance, mining lease, land acquisition *etc.* These milestones provide for production to start within 48 to 54[163] months from allotment of blocks. Hence, it was imperative for WBMDTCL to achieve the milestones and begin coal production[164] by February 2009 to February 2015, failing which allotments of the blocks could have been cancelled[165].

Audit observed that WBMDTCL had met only 15 milestones on time, achievement of 38 were delayed and 42 were not achieved till cancellation of allotment by the Hon'ble Supreme Court of India in August/ September 2014.

According to the milestones, the geological reports (GRs)[166] were to be prepared within 27 months from date of allocation. WBMDTCL decided (May 2005) to entrust the entire exploration including preparation of GRs to Mineral Exploration

[159] Section 4A (4) of the MMDR Act 1957.

[160] *Vide* order/ notification/ circular F.No. 13016/5/2002-CA dated 14 January 2005 for Trans Damodar, F.No. 13016/23/2006-CA-I dated 02 August 2006 for Ichhapur and Kulti, F.No. 13016/8/2007-CA-I dated 25 July 2007 for Jaganathpur-A and B, F.No. 13016/23/2006-CA-I dated 27 December 2007 for Sitarampur.

[161] A document required to be prepared under Mining Concession Rules 1960 {Rule 22(4)}. It, *inter alia* includes location, physiography, geology, mine boundary and estimation of reserves, method of mining, mine development and dumping strategy, project implementation schedule, environment management and progressive mine closure.

[162] Permissions from the appropriate Government under the Forest (Conservation) Act, 1980 and related rules, for diversion of forest land to non-forest purposes such as cultivation of tea, coffee, spices, rubber, palms, oil-bearing plants, horticultural crops or medicinal plants, construction of infrastructure/ industrial projects, mining *etc.*

[163] Under-ground coal mine (A basic method of mining an underground mineral deposit, by digging shafts to the mineral-bearing depth) - not requiring forest clearance : 48 months, requiring forest clearance : 54 months.

[164] Only one came into production during audit period, however, all were taken back by MoC in Sept 2014 and March 2015.

[165] In terms of the allotment letters of January 2005 to December 2007.

[166] Six GRs to be prepared, one for each block.

Corporation Limited (MECL), a Central Government Company. The reason was that MECL would take only seven months as compared to 14 months by Central Mine Planning and Design Institute Limited (CMPDIL), another Central Government Company. Audit observed that out of the six GRs, MECL could prepare only three GRs in time, three[167] GRs were belatedly prepared between December 2011 and March 2012 *i.e.*, after delays of 24 to 40 months. The reason for delays was that MECL had accepted assignments in excess of its available drilling equipment. However, WBMDTCL had not monitored the preparation of the GRs or considered the appointment of another agency to prepare GRs in time. Delay in achieving milestones for preparation of GRs had a cascading effect and subsequent milestones relating to submission of mining plan, forest clearance, environment clearance *etc.*, were also delayed. As a result, these three blocks scheduled to produce coal from November 2012 to March 2014 did not commence production.

The Management stated (September 2017) that WBMDTCL had engaged private agencies called Raising Contractors for Coal (RCCs) to carry out exploration works and import foreign technologies. The reply is irrelevant to the issue as MECL is a Central Government Company and not an RCC which would be a private company. Further, WBMDTCL was the allottee and was therefore required to monitor the performance of MECL to ensure that the desired timelines were met. Due to its failure to do so, production of coal could not begin.

Non-coal

3.2.3.2 Non-exploration of granite and blackstone bearing areas reserved for WBMDTCL

In 1992 and 1993, GoWB had reserved granite and blackstone-bearing areas for exploitation by WBMTDCL. WBMDTCL, however, decided not exploit these areas reserved for it. Accordingly, GoWB de-reserved (November 2002) all except 12 granite and five blackstone-bearing areas. WBMDTCL had brought into operation only two, *viz.*, Bara Panjania and Pachami, out of these 17 areas till March 2017. Reasons for non-exploration of the remaining areas were not on record.

3.2.4 Grant of mining lease

When a mineral deposit is found to be economically viable, an applicant will apply to the State Government for a mining lease. The mining lease would be granted only if there is an approved mining plan (by the prescribed Authority) for the development of the mine.

Coal

3.2.4.1 Appointment of Raising Contractors

The Coal Mines (Nationalisation) Act, 1973[168] required that no person other than the Central Government/ Government Company/ Corporation owned by Central

[167] Ichhapur, Kulti and Sitarampur.

[168] Section 3(3)(a)(i) of Coal Mines (Nationalisation) Act, 1973.

Government or the sub-lease (any other Government Company) of any such Government Company/ Corporation can carry on coal mining activities.

WBMDTCL decided (September 2003) to develop coal blocks through 'Raising Contractors for Coal[169] (RCC). For this purpose, Government of West Bengal constituted (September 2004) a committee , on whose recommendation, an RCC was appointed (May 2006) for Trans Damodar Coal Block. For the remaining five blocks, two RCCs were appointed (March 2010) on nomination basis with approval of the Standing Committee on Industries of the Cabinet of the Government of West Bengal.

Appointment of RCCs itself was a violation of the Coal Mines (Nationalisation) Act, 1973. This was compounded by not going in for open tender in contravention of the directions[170] of the Hon'ble Supreme Court of India and Central Vigilance Commission.

The Management stated (September 2017) that the RCCs were selected as per the decision of the Standing Committee and it had the concurrence of the Commerce and Industries department, WBMDTCL and West Bengal Industrial Development Corporation Limited[171]. Audit did not find anything in WBMDTCL's records to show that it had appraised the Government regarding the provisions that prevented the appointment of private parties as RCCs, that too on nomination basis. As such, the reply seeks to shift the burden of responsibility to GoWB.

Non-coal

3.2.4.2 Execution of lease deed in Bara Panjania Granite Project delayed

According to the provisions[172] of the MMDR Act 1957 read with WBMMR 02, on receipt of a lease application, GoWB may with regard to the provisions of the Act and rules, grant or reject the mining lease within one year. Besides, GCDR 99 specified[173] that granite mines had to be leased for a minimum of 20 years. Further, WBMMR 02 stated that quarry permits should not be given for short-term quarrying of granite.

It was observed that WBMDTCL had submitted (June 1998) lease application for extraction of granite at Bara Panjania, Purulia. No follow-up regarding grant of lease was done by WBMDTCL. Audit observed that WBMDTCL

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169 A contractor for the working of any mine or part thereof, who is responsible for complying with the legal provisions but not so as to exempt the owner from any liability – Section 2(1)(i) of the Mines Act, 1952.

170 SLP (Civil) No. 10174 of 2006 (Nagar Nigam, Meerut versus A1 Faheem Meat Export Private Limited) and CVC's Office order No. 23/7/07 dated 5 July 2007.

171 GoWB PSU.

172 Section 10(3) and Rule 7(1).

173 Rule 6(1) of GCDR99 and Rule 27(1) and 27(2) of WBMMR 02.

resubmitted the application in November 2003 and GoWB granted (March 2004) 20 years lease. Instead of taking immediate action, after a delay of 12 years, WBMDTCL submitted draft lease deed in May 2016 which was executed in July 2017. Audit further observed that WBMDTCL had started extraction of granite from the mine since July 2016, based on permit of 90 days issued by District Land and Land Reforms Officer (DL&LRO), Purulia. This permit was extended on three[174] occasions for further periods of 90 days, which was in contravention of the relevant rules. The Management's reply (September 2017) was silent as to reasons for delay of 12 years in submitting lease deed and about short-term lease. Due to delay in submission of lease deed, WBMDTCL had forgone revenue opportunity of ₹ 14.81 crore[175] from the date of grant of lease (March 2004) upto the date of start of actual quarrying *i.e.* July 2016.

3.2.5 Mining Operations

Mining operations are associated with actual recovery of minerals from the earth in quantity, their beneficiation[176] and commercial exploitation. Deviating from rules and codal provisions, WBMDTCL had allowed waivers aggregating to ₹ 61.98 crore to contractors (RCCs), as discussed in the succeeding paragraphs.

Coal

3.2.5.1 Undue benefit to RCC of Trans Damodar Coal Block (TDCB)

WBMDTCL had applied to the Ministry of Coal, Government of India, through GoWB, for allotment of Trans Damodar Coal Block (TDCB) in August 2002. This was allotted to WBMDTCL in January 2005. Even before the allotment, WBMDTCL had called (April 2003) for, through newspapers, Expressions of Interest for Joint Venture/Contractual/ Sub Lease participation with WBMDTCL for exploitation of TDCB. GoWB had (June 2003) constituted a committee to monitor the coal-mining activities of WBMDTCL including evaluation of offers. Out of 20 offers received, offer of M/s Godavari Commodities Limited (GCL) was (September 2004) the highest, based on two parameters *i.e.* (I) rate of retention charge offered *per* ton and (II) minimum guaranteed quantity of production. After WBMDTCL got the allotment (January 2005), GCL formed (May 2006) a JV company[177] called Trans Damodar Coal Mining Project Limited (TDCMPL). TDCMPL was to undertake coal-mining for WBMDTCL.

174 December 2016, April and August 2017.

175 Quantity: 56,700 cubic metres at the rate of ₹ 2,612 *per* cubic metre.

176 Beneficiation is the process in the mining industry that improves (benefits) the economic value of the ore by removing the gangue minerals, which results in a higher grade product (concentrate) and a waste stream.

177 A joint venture company promoted by Godavari Commodities Limited (GCL), Banowari Lal Agarwalla Private Limited (BLAPL) and Calcutta Industrial Supply Corporation (CISC) by entering into Contract Agreement dated 31 May 2006.

In this connection, Audit observed that:-

(i) As per section 5(2)(b) of Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, a mining plan was required to be prepared and approved by the GoI/ GoWB for the development of mineral deposits in the area concerned. Mining plan *inter alia* includes location, mine boundary, estimation of reserves, method of mining, *etc.,* required to assess the mining cost to estimate retention charge. It was seen that in September 2003, GCL offered ₹ 403 *per* MT as retention charge whereas the mining plan was approved only in December 2006. In absence of the Mining Plan, WBMDTCL would not have been in a position in 2003 to determine either the mining costs or the retention charge. However, WBMDTCL accepted the retention charge offered by GCL without analysis of cost effectiveness.

(ii) Before formation of JV[178] in May 2006, GCL had offered, in the bid document, (September 2003), retention charge of ₹403 *per* metric tonne (MT) to WBMDTCL. This was based on the prevailing selling price[179] of ₹ 1,190 *per* MT for 'C' Grade coal. After finalisation of the tender, WBMDTCL entered into agreement (May 2006) with GCL led JV for extraction of coal with the same retention charge of ₹ 403 *per* MT, without considering the rise in coal prices over 32 months. The prices of coal of similar quality had increased by 52.94 *per cent i.e.* from ₹ 1,190 in September 2003 to ₹ 1,820 *per* MT in March 2010. Hence, WBMDTCL amended the agreement with JV (March 2010) wherein the retention charge was raised. The increased retention charge was fixed at ₹ 403 *per* MT (fixed when selling price of coal was ₹ 1,190 *per* MT) plus an additional 25 *per cent* of the selling prices of coal in excess of ₹ 1,820 *per* MT (base selling price[180]). Consequently, no share of revenue for selling prices between ₹ 1,190 *per* MT and ₹ 1,820 *per* MT was received by WBMDTCL. The basis of fixation of base selling price at ₹ 1,820 *per* MT instead of ₹ 1,190 *per* MT was not on record. Thus, WBMDTCL had extended undue favour to GCL led JV by fixing the base selling price of coal at ₹ 1,820 and not ₹ 1,190 *per* MT to determine the increase in retention charge. As a result, WBMDTCL had forgone retention charge of, at least, ₹ 33.38 crore[181] on 2.12 MMT coal mined between May 2012 and March 2015. This had affected its financial interests.

178 GCL, BLAPL and CISC. Later known as Trans Damodar Coal Mining Private Limited.

179 Price list of Eastern Coalfields Limited as mentioned in the calculation sheet of GCL.

180 Derived from Coal India Limited's notification dated 16 October 2009. It represented the selling price up to which retention charge was to continue to remain fixed at ₹ 403 *per* MT. If the actual selling price rises above the base selling price, 25 *per cent* of the differential amount was to be added to the retention charge of ₹ 403 *per* MT.

181 Calculated at 25 *per cent* of the difference between ₹ 1,820 and ₹ 1,190 *per* MT for 21,19,358.80 MT.

Management stated (September 2017) that MoC had not imposed any penalty on WBMDTCL for the delay in commencing mining operations. It also stated that there was little gap between increase in cost of mining and price of coal during the period from September 2003 to March 2010, if the RBI index was followed.

The reply of the Management did not consider the fact that WBMDTCL had not analysed the original or current mining costs. Moreover, in September 2003, GCL had quoted ₹ 517 *per* MT as the original mining cost. Audit had seen that in 2008-09, the actual cost of mining for open cast coal mines was ₹ 427.82 *per* MT *i.e.* lower by 17 *per cent*. With regard to Management's contention regarding RBI Index, Audit could not find anything on record indicating that the RBI Index was considered for arriving at the appropriate retention charge.

3.2.5.2 Provisions of the agreement not complied with

MCR 60 provides[182] that the leases are required to specify the anticipated annual royalty on production of minerals from the leasehold area, based on prevailing rates of royalty and minimum annual quantity to be extracted over the lease period. WBMDTCL in its agreement (May 2006) with RCC *i.e.*, TDCMPL for TDCB incorporated:

- the Minimum Annual Guaranteed Production (MAGP) of coal as 0.50 MMT for the first year and one MMT annually for the next 29 years;
- WBMDTCL would annually raise penalty on TDCMPL for shortfalls in MAGP at ₹ 403 *per* MT;
- Reduction of MAGP was possible only due to *force majeure* conditions; and
- Adjustment of short extraction in earlier years with higher production in subsequent years was not permissible.

During the course of audit it was observed that:

(i) There were shortfalls in production against the MAGP for which penalty was to be levied. The annual production, shortfall *vis-à-vis* penalty receivable during 2012-15 were as follows :

Table 3.2: Statement showing penalty receivable

Year	Target (MT)	Production (MT)	Shortfall (-)/ excess (+) (MT)	Penalty at ₹ 403 per MT
2012-13	5,00,000	3,52,378.61	(-) 1,47,621.39	5,94,91,420.17
2013-14	10,00,000	7,25,925.31	(-) 2,74,074.69	11,04,52,100.07
2014-15	10,00,000	10,41,054.88	(+) 41,054.88	Nil
Total	**25,00,000**	**21,19,358.80**	**(-) 3,80,641.20**	**16,99,43,520.24**

[182] Rule 31.

(ii) During 2012-13, TDCMPL extracted coal of 3.52 lakh MT against MAGP of five lakh MT. WBMDTCL deducted penalty amounting to ₹ 5.95 crore from the payable amount. TDCMPL requested WBMDTCL to reduce (February 2013) the MAGP for the year 2012-13 from five lakh MT to 3.25 lakh MT on grounds of low initial demand for sale of coal through e-auction and to prevent the possibility of fire incidents from stacks of unsold coal. WBMDTCL accepted the request of TDCMPL and refunded ₹ 5.95 crore (March 2016) for shortfall against MAGP for the year 2012-13. This decision was not justifiable as reducing the output to avoid accumulation of unsold stocks was not a *force majeure* condition, admissible under the agreement.

(iii) In 2013-14, shortfall in production *vis-à-vis* MAGP was 2.74 lakh MT, for which a penalty of ₹ 11.05 crore was deducted from the payables to TDCMPL. In 2014-15, production had exceeded MAGP by 0.41 lakh MT. On the request of TDCMPL, WBMDTCL adjusted the excess quantity of coal produced against the shortfall in production in 2013-14 and reduced the penalty amount by ₹ 1.65 crore. Despite absence of provisions in the RCC agreement for carry forward of short extraction, WBMDTCL refunded ₹ 1.65 crore (March 2016).

(iv) Though WBMDTCL deducted ₹ 16.99 crore towards penalty for shortfall in production of coal against MAGP during 2012-13 and 2013-14, an amount of ₹ 7.60 crore was refunded (March 2016) as waivers. Moreover, scrutiny of Financial Statement for the year 2016-17 revealed that the balance amount after waivers *i.e.*, ₹ 9.39 crore was not shown in accounts as amount received. The possibility of this amount being subsequently refunded cannot be discounted.

(v) WBMDTCL had originally fixed (May 2006) retention charge and penalty at ₹ 403 *per* MT based on selling price of ₹ 1,190 *per* MT of coal. Subsequently, in the revised (March 2010) agreement, both parties mutually agreed to increase only the retention charge by 25 *per cent* of the selling price in excess of ₹ 1,820 *per* MT. As selling price of coal in 2013-14 was ₹ 3,490 *per* MT, WBMDTCL's incremental share of retention charge worked out to ₹ 417.50 *per* MT[183]. However, WBMDTCL's failure to similarly enhance the amount of penalty in the revised agreement led to loss of revenue of ₹ 11.44 crore[184] in 2013-14.

(vi) GoWB was also deprived of royalty[185] revenue of ₹ 18.13 lakh during 2012 to 2014 due to shortfall in production as compared to MAGP.

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[183] ₹ (3,490-1,820) *per* MT of coal x 25 *per cent.*

[184] 2013-14 : 2,74,074.69 MT multiplied by ₹ 417.50 per MT.

[185] As per Rule 9 of the MMDR Act, 1957, royalty at the rate specified by appropriate authority has to be paid for the quantity of mineral removed from the leased area.

Management stated (September 2017) that the agreement was amended with the approval of GoWB. Further, penalty was not subject to any escalation and difficulties in mining and selling coal had not been foreseen while signing the agreement.

The reply of the Management is not acceptable as it was decided by WBMDTCL that if coal was sold above the base price, WBMDTCL would be eligible to receive an additional retention charge of 25 *per cent* of the incremental selling price. Thus, the rate of penalty should have been revised in tandem with the increase (March 2010) in the retention charge. Moreover, as per the agreement, WBMDTCL had withheld (August 2015) penalty for short production in 2012-13 but had subsequently refunded (March 2016) the same. There were no records to indicate that TDCMPL had pointed out any difficulties during 2012-13 or made any request for reduction of MAGP. WBMDTCL brought the issue to the knowledge of its BoD only when TDCMPL had approached (February 2016) for refund. This indicated that the unforeseen difficulties in mining and selling coal were not really significant to adversely impact the mining of coal. Further, the penalty for 2013-14 had not been claimed.

Thus, WBMDTCL's violation of the provisions of the agreement and irregular carrying forward of short extraction led to loss of ₹ 19.04 crore[186].

Non- coal

3.2.5.3 Environment clearance not obtained

WBMDTCL was required to obtain requisite environmental clearance (EC) for mining black stone from the State Environment Impact Assessment Agency in terms of the Environmental Impact Assessment (EIA) Notification, 2006 read with Rule 31 of the MCDR 88. It was observed that WBMDTCL was mining black stone at Pachami in Birbhum, without obtaining requisite environmental clearance. Further, the National Green Tribunal, Eastern Zonal Bench, Kolkata directed (January 2016) GoWB to act against those quarries which had no Environmental Clearance in terms of the EIA Notification 2006. Accordingly, District Land & Land Reforms Officer, Birbhum, GoWB (DLLRO) ordered (February 2016) WBMDTCL to cease operation of the quarries for violating the Environment (Protection) Act, 1986; The Air (Prevention and Control of Pollution) Act, 1981 and rules of MCDR88. WBMDTCL had not yet discontinued production (October 2017).

Management stated (September 2017) that under the said notification, minor mineral mines, for which leases had been executed prior to the notification, were required to obtain environment clearance only on renewal of mining leases. At Pachami, this was due in 2018.

186 ₹ 5.95 crore + ₹ 1.65 crore + ₹ 11.44 crore.

The reply was not tenable as the Expert Appraisal Committee for Environmental Appraisal of Mining Projects had observed (February 2017) that WBMDTCL had, in violation of the notification, carried out mining until date without requisite EC. Besides, the reply was silent DLLRO's notice to cease operation.

3.2.5.4 Mining of black stone at Palsara-I and Palsara II

The extant provisions require award of contracts by any Government agency only through tendering process or public auction. Yet, WBMDTCL, with approval of GoWB, nominated JSW Natural Resources India Ltd (JSWNRL) to mine black stone deposits at Palsara-I and Palsara-II in Purulia district and entered (June 2012) into an agreement with JSWNRL for the same. Audit observed that as of date, JSWNRL had failed to commence production due to (a) local agitation and (b) non-mobilisation of machinery by JSWNRL. The agreement was finally terminated in December 2013. Subsequently, WBMDTCL entered into agreements (March/ December 2015) with two agencies[187] (selected through open tender) for mining blackstone at Palsara-I and Palsara-II respectively**.**

Meanwhile, DLLRO, Purulia had claimed (July 2014) dead rent[188] (₹ 3.69 lakh) from WBMDTCL, cess for dead rent (₹ 3.17 lakh) and royalty (₹ 0.56 lakh) for the period from January 2005 to December 2013. In addition, DLLRO, Purulia imposed penalty of ₹ 2.67 crore for shortfall in production of black stone and delay in submission of monthly returns. In November 2012 and November 2014, WBMDTCL paid ₹ 2.57 lakh towards dead rent and cess for dead rent along with ₹ 92.81 lakh towards penalty. WBMDTCL had also applied (April 2016) to GoWB for waiver of penalty on the ground that JSWNRL had not mobilised machinery at site.

Further, WBMDTCL was holder of the lease. To prevent illegal mining, Rule 6 of WBMPR02, required WBMDTCL to intimate to GoWB details of the location where it proposed to store blackstone, at least, 15 days before commencement of production. Audit observed that neither WBMDTCL nor its two mining agencies had issued the required intimation. Instead, production could not commence till date (June 2017) as illegal mining was being carried out by outsiders since May 2013. There was nothing on record to indicate that WBMDTCL had taken action to stop illegal mining.

As such, had the mining commenced in time, WBMDTCL would have earned a minimum guaranteed retention money from contractors of ₹ 3.80 crore for

187 M/s Anusandhan Commo Trade (P) Limited (ACPL) and M/s IRC Natural Resources Private Ltd (IRCNRPL)

188 Dead rent is the minimum amount fixed as revenue, irrespective of whether the mine is operational or not. It is not dependent on the actual quantities of minerals extracted from the mines.

Palsara-I and ₹ 1.71 crore from Palsara-II. Besides, GoWB would have earned revenue by way of royalty, cess, VAT *etc.*

Management accepted the facts (September 2017) and stated that that claims of dead rent was paid and request for waiver of penalty was under consideration by GoWB. The reply was, however, silent on failure to stop illegal mining as required under WBMPR02.

3.2.5.5 Mining apatite (rock phosphate) at Beldih

WBMDTCL operated an apatite mine (33.28 hectares) at Beldih, Purulia since 1975 by engaging departmental manpower. The apatite (rock phosphate) was powdered at the Rangadih Grinding unit for sale as phosphatic fertilizer in tea/ coffee plantations. The Commerce and Industries (C&I) Department, GoWB renewed (May 2009) the mining lease in favour of WBMDTCL for 20 years. WBMDTCL discontinued manual mining from June 2011 as the mine's depth had exceeded 50 feet. Further, the crushing unit at Rangadih, was not operational since May 2011 with machinery in worn out condition. Bulk connection of power had been discontinued (July/ August 2016) and converted to low tension connection. The land at Rangadih (crushing plant) was on hire but no rent has been paid by WBMDTCL since 1995.

A JV agreement was signed (August 2014) between IRC Natural Resources Private Ltd (IRCNRPL)[189] and WBMDTCL, however the production from the mine had not yet begun (October 2017). In this regard, Audit observed the following:

(a) As per section 18(1) of the MMDR Act, 1957, for the protection of environment by preventing or controlling any pollution caused by prospecting or mining operations, conservation and systematic development of minerals should be followed. Further as per section 18(2) of the MMDR Act, 1957 for the development of mineral resources in any area, the regulation for storage of minerals and stocks thereof, disposal or discharge of waste arising from any mine should be followed properly. Audit, during physical inspection, observed that in contravention of above sections, the mine was exploited unsystematically by WBMDTCL from 1975 to 2000. This had led to the mine becoming steep 'funnel-shaped' with high ore to overburden ratio. This could not be remedied by WBMDTCL because of financial stringency. As per the mining plan, the established (September 2011) existing mineable reserves was 4.92 lakh MT. But these reserves could not be exploited unless WBMDTCL, as the mine operator, removed both the water accumulated at the site and the dumped overburden. Consequently, production had been stopped since May 2011. WBMDTCL could

[189] A private agency.

not fruitfully utilise the 78 workers and 14 staff at Beldih and Rangadih. During May 2011 to March 2017, WBMDTCL paid ₹ 7.70 crore towards idle salaries and wages and overtime of ₹ 2.50 lakh without any production.

(b) Section 9A (1) of the MMDR Act, 1957 requires the holder of a mining lease to pay either dead rent or royalty for any mineral removed or consumed from the leased area to the State Government every year at specified rates, whichever is greater. Audit observed that WBMDTCL had not paid outstanding dead rent of ₹ 11.65 lakh to GoWB for the period from June 2011 to March 2017, in violation of aforesaid provisions since GoWB had not raised any claim.

(c) Beldih Apatite Mine had no valid 'Consent to Operate' from WBPCB in violation of the statutory provision of the Water (Prevention & Control of Pollution) Act 1974, Air (Prevention & Control of Pollution) Act 1981 and Environment Protection Act, 1986. Consequently, WBPCB issued (March 2017) notice to WBMDTCL against their application for non-compliance with pollution requirements. Failure to comply within 15 days attracted closure of the mine. Further, WBMDTCL had operated the mine for many decades, which had contaminated the groundwater with fluoride in nine out of 12 blocks in Purulia district.

Management was silent on all the issues raised by Audit in the above paragraph.

3.2.6 Closure

When the economic mineral resource is exhausted and mining ceases, mine facilities and the site are required to be reclaimed and closed. The goal of mine site reclamation and closure is to return the site to a condition that most resembles the pre-mining condition.

Coal

3.2.6.1 Rules and Government order relating to mine closure not complied with

According to Rule 29A of Mineral Concession (MC) Rules, 1960, the lessee shall not determine the lease or part thereof unless there was an approved final Mine Closure Plan (MCP). A Mine Closure Deposit (MCD) equal to the annual cost was to be deposited into an escrow account each year throughout the mine life compounded at the rate of five per cent annually. Further, MoC had fixed (August 2009/ January 2013) annual cost of mine closure at rupees six lakh *per* hectare for an open cast mine, to be computed for total project area.

In this regard, it was observed that –

(i) No amount was deposited by TDCMPL with WBMDTCL as Mine Closure Deposit (MCD) which was to be retained in an escrow account. As per requirements, it should have deposited ₹ 75.87 lakh *per* year as MCD from 2012-13 to 2014-15. *i.e.*, a total of ₹ 2.28 crore.

(ii) WBMDTCL had not obtained bank guarantees (BGs) for this amount, as provided in the contract. Consequently, WBMDTCL had become entirely liable for MCD as the original allottee.

Management stated (September 2017) that provision for MCD with escrow account was added during amendment of mining agreement in May 2010. However, since the mine was operational from May 2012, WBMDTCL should have collected the yearly requirement of MCD from TDCMPL, 2013 onwards.

3.2.7 Other issues

3.2.7.1 District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET)-implementation

Section 9B of the Mines and Minerals (Development and Regulation) Amendment Act, 2015[190], specifies establishment by GoWB of District Mineral Foundation (DMF) in any district affected by mining related operations with effect from 12 January 2015. DMF was to work for the interest and benefit of persons and areas affected by mining related operations. The Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 prescribed (September 2015) contribution to DMF[191]. It was seen that DMFs have not been set up in West Bengal. Further, Audit observed from the accounts of 2016-17, that WBMDTCL had (i) not paid ₹ 63 lakh to GoWB towards DMF during January 2015 to March 2017, and (ii) not realised ₹ 59.60 lakh of the unpaid amount from its contractors as contribution to DMF.

Management stated (September 2017) that WBMDTCL had already raised claims for DMF to be recovered from the contractors. However, recovery of DMF from contractors, whose contract periods were over, was difficult. The fact remains that DMF was to be realised from January 2015 and WBMDTCL should have recovered the amount from the contractors from January 2015 itself.

3.2.7.2 Avoidable liability of towards service tax

West Bengal Power Development Corporation Limited (WBPDCL) and The Durgapur Projects Limited (DPL) appointed (March and April 2015) WBMDTCL as Advisor-cum-Mining Agent[192] under the Mines Act, 1952 for their six coal mines. WBMDTCL then entered into agreements with WBPDCL (November

190 Inserted by MMDR Amendment Act, 2015, *vide* G.O.I. Ext. Part II, Section 1, No. 13, dated 27 March 2015 (No. 10 of 2015).

191 (a) 10 *per cent* of the royalty in respect of mining leases or prospecting license-cum-mining leases granted on or after 12 January 2015, and (b) 30 *per cent* of the royalty in respect of mining leases granted before 12 January 2015.

192 Functions of an agent are to (i) ensure security of the coal mines and coal reserves, (ii) continue with de-watering in the coal mines, (iii) continue with minimum CSR activities, (iv) posting personnel in all coal mines and (v) payments to the employees and workers.

2016) and DPL (March 2017). Since April 2015 to December 2016, WBMDTCL incurred expenditure towards security expenses, salaries, wages, power/ fuel *etc.* aggregating to ₹ 84.07 crore on behalf of WBPDCL and DPL. Thereafter, in accordance with the agreements, WBMDTCL had obtained monthly reimbursement of these expenses from WBPDCL and DPL.

In this regard, Audit observed that reimbursement of expenses attracts service tax under Rule 5(1) of the Service Tax (Determination of Value) Rules, 2006. Thus, though WBMDTCL was liable to recover and deposit service tax on reimbursement of these expenses, it had not collected and paid the service tax of ₹ 12.13 crore for this period within due date as required under the Service Tax Rule, 1994. This resulted in avoidable liability of WBMDTCL towards service tax and interest on belated deposit.

Management stated (September 2017) that WBMDTCL had incurred expenditure on behalf of WBPDCL and DPL to continue serving of employees of prior allottee, maintain security services, social services in villages, power supply *etc.* As per agreements, all this expenditure was part of reimbursement only for which WBMDTCL received consultancy fees. Moreover, some judgements had excluded reimbursable expenditure from the taxable value. Thus, any expenditure incurred on behalf of WBPDCL and DPL did not attract service tax.

The reply was contrary to the provisions of the Finance Act, 1994. Any reimbursable expenditure or cost incurred by the service provider and charged was liable to tax. Besides, WBMDTCL did not fulfill the conditions of 'pure agent' under Service Tax (Determination of Value) Rules, 2006. Consequently, it was liable to pay service tax on reimbursement of expenses.

3.2.8 Conclusion

WBMDTCL had failed to achieve prescribed milestones for development of the allotted coal blocks resulting in non-commencement of mining in three coal blocks and lost opportunity to earn revenue. Similarly, in respect of a granite project, extraction was taken through 90 day quarry permits in contravention of rules. There were irregularities in tendering procedure for selection of RCC in case of TDCB. Moreover, undue benefit was extended to the contractor while fixing the retention charge and penalty towards short extraction of coal. WBMDTCL had not complied with statutory provisions of mine closure, minimum guaranteed production, maintenance of records, payment of statutory dues including royalties/ cesses and recovery of dues from contractors. Moreover, it had failed to obtain requisite environment clearances and to undertake mitigation measures leading to the ever present possibility of stoppage of mining activities. All these violations led to lost opportunity to earn revenue as well as direct losses to the Company.

These matters were brought to the notice of the Government in July 2017, their replies are awaited (January 2018).

Saraswaty Press Limited

3.3 Follow-up Audit: Performance Audit on production and marketing performance

3.3.1. Introduction

Saraswaty Press Limited[193] (SPL) was incorporated (January 1987) as a Government Company with the objective of carrying on the business of various printing activities like photo offset, packing and book binding, computer typesetting, image processing, security designing and printing, *etc.*

A Performance Audit (PA) on the 'Production and Marketing performance of Saraswaty Press Limited' was incorporated as Paragraph 2.3 in the Report of the Comptroller and Auditor General of India (Commercial), Government of West Bengal for the year ended 31 March 2008. That PA covered the period from 2003-04 to 2007-08. The PA pointed out 35 audit observations and made six recommendations. The Report was laid in the West Bengal Legislative Assembly in July 2009. Government of West Bengal (GoWB) accepted (July 2012) all the observations/recommendations and assured to take action for improvement of performance. The Committee on Public Undertakings (COPU) had not discussed the PA till date.

By the time the PA was conducted, a subsidiary *viz.,* West Bengal Text Book Corporation Limited (WBTBCL) dedicated to textbook printing was formed (March 2008) in order to avail excise exemption[194]. WBTBCL did not have separate employees, infrastructure or fixed assets. Its day-to-day management and operations are carried on by SPL. At present, these two PSUs execute only Government jobs at SPL's printing press as well as through outsourcing.

The Management of both the PSUs is vested in the same Board of Directors (BoD) with the same Managing Director (MD) as the Chief Executive. The Production Controller who supervises the entire printing activity and the Marketing Manager responsible for obtaining job orders are common to both the PSUs.

3.3.2. Scope, methodology and criteria of Audit

A Follow-up Audit was conducted during October to December 2016. The objectives were to assess the extent to which the efforts were made for implementation of Performance Audit recommendations and monitoring thereof during the period from 2012-13 to 2016-17.

[193] SPL under the name 'Sree Saraswaty Press Limited' (SSPL) was established in the year 1923 and was taken over (1984) by State Government under Sree Saraswaty Press Ltd (Acquisition and Transfer of Undertakings) Act 1984 and was renamed in the style of 'Saraswaty Press Limited' (SPL) with effect from 25 June 1993.

[194] This exemption was withdrawn *vide* notification no. 4/2011-Central Excise (NT) dated 1 March 2011.

Criteria for this Follow-up Audit were sourced from (i) policies framed by SPL and WBTBCL for printing activities; (ii) Board agenda and minutes; and (iii) Enterprise Resources Planning (ERP) module.

The audit methodology adopted was (i) scrutiny of records at Head Office at Belghoria and Marketing office at Sealdah; (ii) issuing questionnaire regarding present status and actions taken by the Management against their reply to the PA; and (iii) discussions with officials at all levels.

Audit Findings

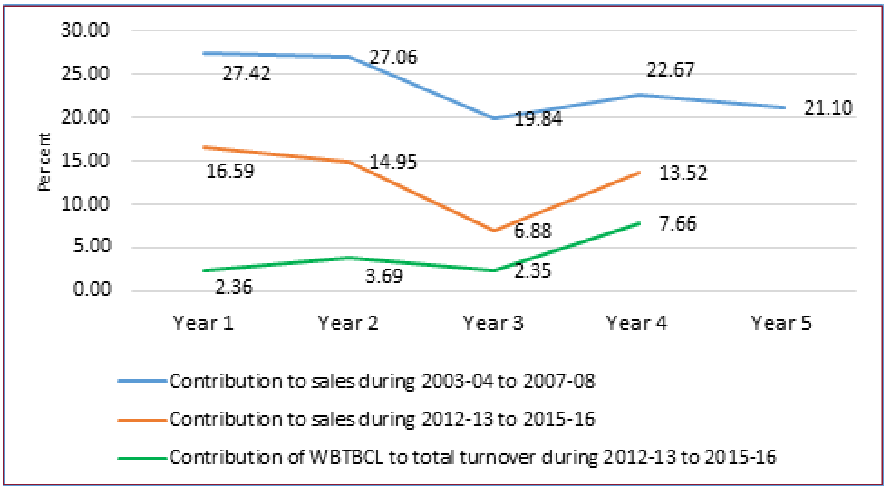
Based on verification of records and replies to a questionnaire issued (October 2016) to SPL, following observations are made with reference to each of the recommendations contained in the earlier Audit Report.

3.3.3 Recommendation 1: SPL needed to devise effective and efficient production planning to ensure optimum utilisation of in-house capacity of the press section and binding section machinery.

3.3.3.1 Contributions to sales of SPL/WBTBCL[195]

Audit observed from the contribution analysis of both PSUs during the period 2012-16[196] that the consolidated percentage of contribution[197] to sales for both PSUs was 6.88 to 16.59 *per cent* (**Figure 3.4**).

Figure 3.4 : Comparative contribution analysis



195 Referred to in paragraph 2.3.7 of the Audit Report (Commercial) 2007-08 *re* : Cost trends.

196 Both standalone and consolidated financial statements of SPL for 2016-17 have not yet been prepared.

197 Total sales less direct expenses like raw materials, subcontracting cost, power/ fuel, as well as direct overheads and direct labour (expressed as a percentage).

- This was lower than the 20 to 27 *per cent* achieved during 2003-04 to 2007-08. Further, the percentage of contribution of WBTBCL to aggregate sales of both PSUs was only 2.36 to 3.69 *per cent* in 2012-13 to 2014-15. This increased to 7.66 *per cent* in 2015-16.

- In 2015-16, out of 62 estimates for printing of textbooks by WBTBCL, the contribution to sales ranged from (–) 8.43 to 7.50 *per cent*. Out of these, 23 *i.e.* 37.10 *per cent*, were at a loss. This indicated that WBTBCL was printing and supplying textbooks against Government orders at lower margins or even at a loss. This had brought down the aggregate contribution.

Management stated (September 2017) that a managerial and administrative team would be drawn from SPL to work exclusively for WBTBCL. Thus, WBTBCL would develop and grow its business.

Management further stated (September 2017) that the School Education Department, GoWB insisted on the production and distribution of the books at rates at par with the previous years. This was the cause for WBTBCL's lower margins. Besides, cost of production for short-run non-Bengali language books was high in comparison to high volume Bengali textbooks.

The reply overlooked the fact that WBTBCL had underestimated the cost estimates for 37.10 *per cent* of jobs undertaken by it. Further, WBTBCL should have approached the Government departments for enhancement of the rates at which jobs had been undertaken; however, no record of any such step was found.

3.3.3.2 Lack of Production planning[198]

SPL procured job orders through the marketing department for execution by the production department. GoWB had replied (July 2012) in response to the Audit Report that Enterprises Resource Planning (ERP) would be utilised for better production planning. Audit observed (December 2016) that even after implementation of ERP, SPL had, for two academic sessions[199] delivered text books[200] after delays of 63 to 180 days from their scheduled delivery dates. Belated delivery resulted in students receiving course textbooks after 31 to 148 days from commencement of their academic sessions. Management had not reviewed production performance for corrective action.

While accepting the fact, Management stated (September 2017) that the requirement of books had substantially increased over the years. Moreover, the delays in delivery were in respect of those books for which, the School Education Department had issued orders at the year end. Management assured to try harder to overcome such problem in future.

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[198] Referred to in paragraph 2.3.9 of the Audit Report (Commercial) 2007-08 *re* : Production planning.

[199] Commencing from January and May 2016.

[200] No. of books in 2014-15: 50,51,087; 2015-16: 63,65,917 and 2016-17: 37,03,602.

3.3.3.3 Manpower and its utilisation in the Pre–press department[201]

Audit had pointed out excess financial burden[202] due to unutilised manpower. It was, further, observed during the Follow-up audit (December 2016) that due to introduction of digital technology, manpower attrition has taken place over the years.

The pre-press department of SPL comprised two sections[203] engaging 10 personnel and operated three shifts daily. It was observed that till date, SPL/ WBTBCL did not set any standard time/output norms for undertaking Desk Top Publishing (DTP) and Computer to Plate (CTP) activities. Further, activity-wise time spent on each job at pre-press stage was not recorded in the job tickets[204] along with the details of pending jobs. Therefore, the extent of utilisation of manpower in the pre-press activities, whether optimum or not, could not be ascertained.

Management stated (September 2017) that the DTP and CTP operators provide support services to the very large number of high speed machines at the printing division. Further, the Production Planning section had to ensure instant delivery of plates to the machine section. Hence, any separate work time/ output norms could not be laid down.

The reply of the Management did not address the finding that activity-wise time spent on each job at pre-press stage was not monitored through job tickets.

3.3.3.4 Printing Press activity

(i) Low utilisation of capacity[205]

The press section of the production department operated 31 machines[206] as of March 2017. These comprise three categories of machines *viz.* (A) machines owned and operated by SPL, (B) machines owned by SPL but operated by vendors, and (C) machines owned and operated by vendors at SPL. The details of printing capacity, machine availability and their utilisation are given in the **Annexure 11**.

Audit scrutinised the production records and machine log books for the period from 2014-15 to 2016-17[207]. The annual standard production capacity for printing

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201 Referred to in paragraph 2.3.10 of the Audit Report (Commercial) 2007-08 *re* : Pre-press department.

202 Referred to in paragraph 2.3.10 of the Audit Report (Commercial) 2007-08 *re* : Pre-press department.

203 As per activity, the two sections of pre-press department were Desk Top Publishing (DTP) and Computer to Plate (CTP).

204 A job ticket is a detailed description of work that is to be performed for a work order. It contains information about planning and scheduling of the job.

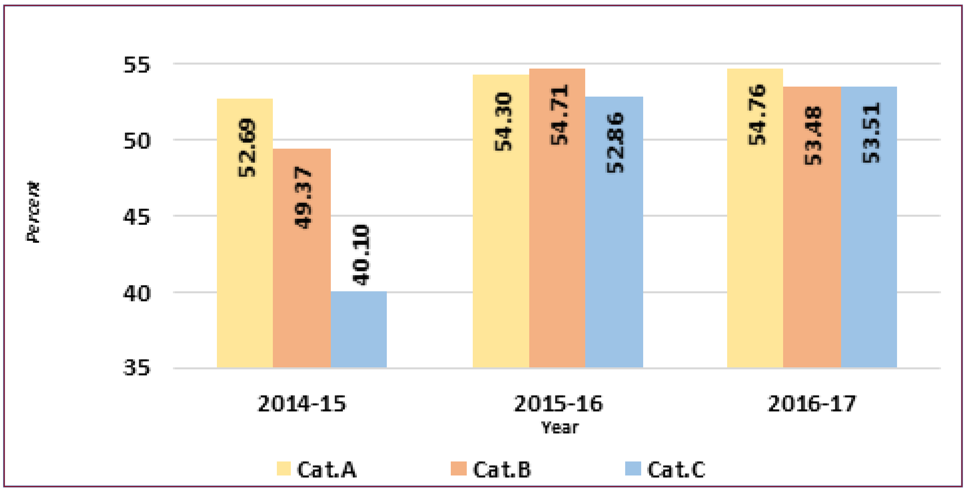
205 Referred to in paragraph 2.3.11 of the Audit Report (Commercial) 2007-08 *re* : Low utilisation of capacity.

206 Owned and operated by SPL (six), owned by SPL but operated by vendors (10) and owned and operated by vendors (15).

207 The ERP system data was made available only from 2014-15. Hence, position mentioned for three years only.

was fixed by SPL and WBTBCL at 30.85 to 37.32 *per cent* of the rated capacity of the machines. The basis and date of fixation of this low standard production capacity was not on record. As against these standards, the actual production to standard production (**Figure 3.5**) ranged from 40.10 to 54.76 *per cent*.

Figure 3.5:Utilisation of machinery (in percentage)



Moreover, during 2003-08, actual production had varied from 22 to 56 *per cent* of standard production capacity. This indicated that the performance had not improved. As such, the standard capacity was one-third of the installed capacity. Production was only half of the standard capacity. This indicated very low capacity utilisation.

Management stated (September 2017) that during 2014-17, the total production of SPL and WBTBCL had increased substantially over a much shorter production period. The actual production season was limited to five months in a year due to delays in receipt of printing orders from School Education Department.

The reply was not acceptable since both PSUs were mostly dependent on Government orders. Further, the highest capacity utilisation achieved in a month was only 52.24 *per cent* of installed capacity, which indicated scope for increasing capacity utilisation. Therefore, it was critical for both PSUs to widen their customer base to improve capacity utilisation.

(ii) Low availability of machine run-time[208]

During 2003-04 to 2007-08, the actual machine run-time[209] after adjusting the idle machine time[210], ranged from 39 to 49 *per cent* of available machine run-time. Audit observed that during 2014-17[211] this percentage of machine hours remained less than 50 *per cent*. Hence there was no improvement.

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208 Referred to in paragraphs 2.3.12 to 2.3.16 of the Audit Report (Commercial) 2007-08 *re* : Low availability of machine run-time.

209 Machine run-time is the actual number of hours a machine is operated productively.

210 Due to factors like make-ready time, breakdowns, waiting time for job/staff/material *etc.*

211 The ERP system data was made available only from 2014-15. Hence, position mentioned for three years only.

Figure 3.6: Percentage of actual machine run-time

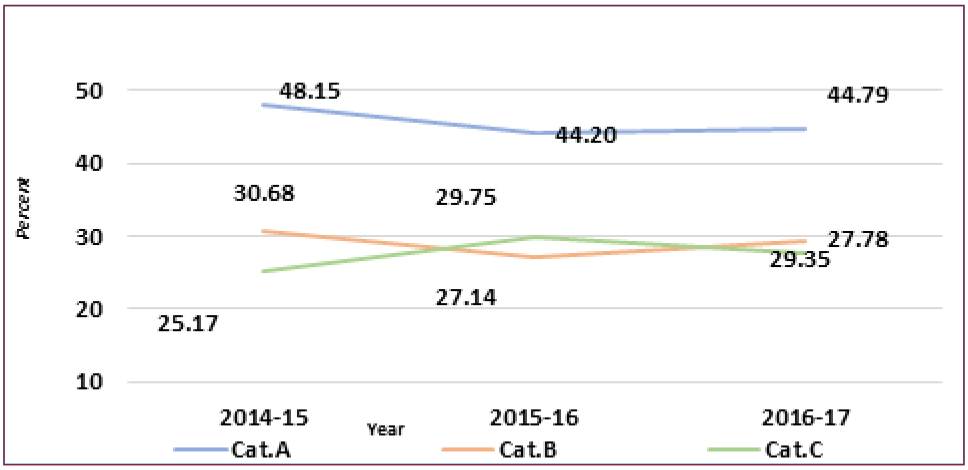

Figure 3.6 indicates the percentage of actual machine run-time of Category A, B and C machines (**Annexure 11**) *vis-à-vis* the available machine run-time. It shows that there was a marginal improvement in Category A (owned and run by SPL) machines.

It was also observed that SPL/WBTBCL had hired machinery at an average annual hire charges of ₹ 2.14 crore for fulfilling printing jobs. However, they were lying unutilised for more than 68 *per cent* of available hours. As such, SPL/WBTBCL incurred unproductive expenditure of ₹ 1.50 crore *per* year on hiring of these machines.

Management clarified (September 2017) that there were delays in receiving orders from the School Education department. This had led to shrinking of time available for printing and distribution of textbooks. Hence, more machines were deployed to ensure timely delivery of textbooks within a short production season. The outcome was low utilisation of machine run-time.

Audit observed this low utilisation was not brought before the BoD for review and corrective actions to minimise idle hours. Further, the maximum utilisation of machine run-time achieved during the peak months of 2014-17 was 38.70 (Cat.A, September 2016), 49.70 (Cat.B, July 2016) and 52.24 *per cent* (Cat.C, August 2016). This supported the observation that capacity was significantly underutilised.

3.3.3.5 Post-printing press activity

(i) Manual binding and cutting section[212]

Audit had observed in 2007-08 that SPL neither set work norm/ targets for binding nor did it monitor the performance of operators and machines. During follow-up, Audit observed that SPL had outsourced the entire manual binding and cutting activity. The binding section had the facilities of manual binding of forms, lottery tickets, cheques *etc.* in three shifts. But the job-wise output was not documented in the job tickets. The performance of the section was not reviewed as SPL had still not set any work norm/ targets for binding. While accepting the fact, Management stated (September 2017) that manual binding and cutting machines were a support service to production. As their requirement was based on necessity, a separate work norm had not been ascertained.

[212] Referred to in paragraph 2.3.18 of the Audit Report (Commercial) 2007-08 *re* : Manual cutting and binding section.

The reply was not acceptable, as these requirements had been evaluated earlier stage. Based on this evaluation, their norms could have been worked out.

(ii) Auto binding section[213]

It was observed that SPL had installed (February 1992) an imported automatic flow-line binding machine at a cost of ₹ 77 lakh. The machine's achievable capacity was binding 8,000 books *per* hour. Subsequently, the machine developed a problem with its sensor and went out of order from 2011. It was restored back only in July 2016. Instead of getting the machine repaired in time, SPL purchased and installed (July 2013- November 2013) three[214] auto Binding Machines. Between 2011-2016, SPL resorted to outsourcing of binding work to private entities and incurred extra costs despite availability of new machines from 2013.

Audit observed from the information made available that SPL/WBTBCL had printed 10.34 crore and 11.91 crore books during 2015-16 and 2016-17 respectively. All the books printed were required to be bound but the targets were fixed at 5.22 crore and 4.46 crore respectively. The basis for these lower targets was not on record. Moreover, only 3.37 crore (64.56 *per cent*) and 2.71 crore books (60.76 *per cent*) were bound in these two years. Hence, the actual number of books bound did not even achieve the lower targets fixed.

While accepting the fact, Management stated (September 2017) that due to change in specifications of books, work load of the binding machines had reduced. Besides, the machines had remained idle for long time due to non-availability of spare parts.

3.3.4 Recommendation 2: The Company needs to introduce a sub-contracting policy detailing the procedure to be followed for sub-contracting the jobs after evaluating the economics of such sub-contracting.

3.3.4.1 Extent of outsourcing[215]

Expenditure on sub-contracting of printing and binding charges was 65 *per cent* of its total cost during 2003-08. Audit observed that both PSUs had undertaken sub-contracting work totalling to ₹ 101.31 crore during 2014-17. This represented 8.70 *per cent* of their sales and 9.53 *per cent* of their cost in the same period. The value of work outsourced had increased from ₹ 28.30 crore (2014-15) to ₹ 38.14 crore (2015-16). In 2016-17, it reduced to ₹ 34.86 crore. Yet, SPL had no documented sub-contracting policy/ guidelines. SPL formulated a procurement manual only in July 2016. This manual included the binding work to the sub-contractors as a part of normal range of procurement. However, the detailed procedure to be followed for subcontracting jobs was not specified. Rate contract was the only basis for binding work.

Job-wise details of the total sub-contracted jobs of ₹ 101.31 crore during the years 2014-15 to 2016-17 were not made available. Audit could not ascertain the profitability of each job as well as the economics of sub-contracting of jobs.

213 Referred to in paragraph 2.3.19 of the Audit Report (Commercial) 2007-08 *re* : Auto binding section.

214 Muller Martin Binding and Trimming, Kolbus Martín Binding and Trimming, Wellbound Binding and Trimming machines.

215 Referred to in paragraphs 2.3.28 to 2.3.32 of the Audit Report (Commercial) 2007-08 *re* : Sub-contracting.

Management stated (September 2017) that in the past few years sub-contracting/ outsourcing to outside printers had virtually been eliminated. Further, it agreed that profitability of individual jobs had not been carried out through job costing in ERP due to their limited resources. Management also stated that they were continuously creating and strengthening in-house technical and commercial infrastructure to evaluate the economics of sub-contracting.

The reply regarding elimination of outsourcing was contradictory to the financial statements which show expenditure on outsourcing. The reply about ERP was also not in consonance with GoWB's earlier response (July 2012) to the Performance Audit. It was then stated that SPL was doing cost booking for all items produced in the computer-based ERP system.

Thus, the recommendation remained yet to be fulfilled by SPL.

3.3.5 Recommendation 3: The Company needs to revamp the incentive schemes to ensure increase in productivity and reduce overtime.

3.3.5.1 Ineffective incentive scheme[216]

SPL/ WBTBCL jointly implemented an incentive scheme (January 2009) for different categories of employees which was revised in January 2016.

<table>
<tr><th>Categories of Employees</th><th>2009 scheme</th><th>2016 scheme</th></tr>
<tr><td>Direct production group employees</td><td>₹ 12 - ₹ 16 per head per day on achievement of machine production per shift for both SPL and WBTBCL.</td><td rowspan="2">₹ 31 - ₹ 35 per head per day on average amount collected against invoices of both SPL and WBTBCL in the immediately preceding three months, subject to minimum average collection of ₹8 crore per month.</td></tr>
<tr><td>Common service group employees</td><td>₹ 12 - ₹ 16 per head per day on average of amounts collected against invoices of both SPL and WBTBCL in the immediately preceding three months, subject to minimum average collection of ₹ 1.75 crore per month.</td></tr>
</table>

The PSUs had paid incentives up to January 2016, based on achieving the targeted production *per* shift *per* machine. Thereafter, incentives were linked to collection of invoices. During November 2005 to March 2008, the average monthly production per employee was 0.77 to 0.83 lakh impressions. The aggregate incentive disbursed was ₹ 28.04 lakh. Audit observed that ₹ 68.85 lakh was paid towards incentive during April 2013 to March 2017. Each employee received ₹ 30,875 over and above his salary, on an average, for the three years.

[216] Referred to in paragraph 2.3.24 of the Audit Report (Commercial) 2007-08 *re* : Ineffective incentive scheme.

Audit analysis showed that even though standard production targets were set lower by 62.68 to 69.15 *per cent* than the installed production capacity during 2014-17, SPL paid incentives to production staff. It was also seen that despite payment of sales incentives, the percentage of realisation of dues to sales had shown a fluctuating trend. Consequently, the aggregate amount due from Government written off as 'bad debt' during 2012-16 was ₹ 9.61 crore. The Management stated (September 2017) that incentives were to increase productivity and reduce overtime. However, their customers had delayed payment of dues. The PSUs were "continuously trying to overcome this situation through more, more and more effort".

The reply was not acceptable since the gains in productivity were the result of utilising vendors' manpower/ machines by the PSUs. Moreover, Audit could not see the result of those efforts stated to have been taken, in terms of increase in productivity.

3.3.5.2 High incidence of overtime[217]

Audit observed that SPL and WBTBCL paid overtime (OT) of ₹ 1.66 crore, ₹ 1.70 crore and ₹ 2.39 crore in 2014-15, 2015-16 and 2016-17 respectively to 106 to 145 employees. According to the Factory Act 1948, the total overtime hours shall not exceed fifty hours for any quarter for any employee. Audit observed from test check of pay roll registers, attendance registers and pay sheets that:

- During April 2014 to September 2016, an average of 120 out of 130 employees were engaged in overtime work of more than fifty hours in a quarter.
- An average of 22 out of above 120 employees had worked continuously in a month for an average period of 50.23 hours *i.e.* more than two days at a stretch, which is inhuman.
- On 10 occasions, overtime of ₹ 2.23 lakh was paid to 27 workers where there was no production.

Management stated (September 2017) that, on a regular basis, large numbers of Government printing orders arrived at SPL after working hours. These materials were to be printed and delivered before the start of the next working day, if necessary, by working on holidays. This resulted in high OT. The reply was, however, silent about the violations of the Factory Act 1948 and measures, if any, to curb the incidence of OT.

As such, this recommendation was also not implemented by the Management.

217 Referred to in paragraph 2.3.25 of the Audit Report (Commercial) 2007-08 *re* : High incidence of overtime.

3.3.6 Recommendation 4: The Company needs to strengthen the control mechanism in regard to the maintenance of job tickets, job-wise profitability and utilisation of paper with reference to the norms.

3.3.6.1 Costing[218]

It was observed that after introduction of ERP in April 2012, SPL and WBTBCL had neither prepared any costing manual nor maintained a Costing Department. The job-wise estimates prepared by the marketing wing were, therefore, not subject to any oversight process. Moreover, as (i) job-wise actual cost of material consumed, (ii) machine and manpower utilised were not synchronised, job-wise actual cost and profitability thereof could not be ascertained in audit.

Management stated (September 2017) that the job-wise costing was done as ongoing basis in the ERP system. The reply was contradictory, as Management had stated in reply to an earlier observation (**Paragraph 3.3.3.2**) that profitability of individual jobs had not been carried out through job costing in ERP due to their limited resources. As such, Management was unaware about the actual profitability of its various operations.

3.3.6.2 Deficiencies in Internal Control system[219]

Internal Control system is an essential pre-requisite for efficient and effective management of an organisation. Audit observed the following deficiencies in the Internal Control system :-

- Paper cost, ink cost and other direct costs were not recorded job-wise in ERP. Consequently, any deviation from the purchase proposals and actual material purchased could not be identified.

- Job cost estimates as prepared by marketing section after receipt of job orders were not fed into ERP system. Therefore, actual expenditure incurred was not compared with cost estimates. Audit observed that overhead costs were not included in test checked 62 cost estimates.

- Machine- wise binding activities were not recorded in ERP.

The Management had accepted the observation in March 2017. Subsequently, it attributed (September 2017) the deficiencies in internal controls to difficulty in individually linking the cost of paper and ink to a particular job. It was silent on rest of the points raised by Audit.

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218 Referred to in paragraph 2.3.39 of the Audit Report (Commercial) 2007-08 *re* : Costing.

219 Referred to in paragraph 2.3.40 of the Audit Report (Commercial) 2007-08 *re* : Internal control.

3.3.7 Recommendation 5: The Company needs to introduce the sales and realisation target for the marketing agents.

3.3.7.1 Marketing set-up[220]

SPL and WBTBCL shared a marketing wing, headed by the Marketing Manager who was assisted by ten sales executives. Besides, SPL and WBTBCL had appointed two marketing agents for securing sales orders from the Governments of two adjacent States *viz.* Bihar and Jharkhand as well as from Central PSUs at a commission on a rated scale on sales value to be paid after realisation of dues.

In this connection, the following issues were noticed in audit:

Issue	Management
1. Mentioned during 2003-2008 Performance Audit report: (i) absence of documented marketing strategy; (ii) business development; (iii) database of competitors' pricing; (iv) job-wise profitability; *etc.*	No action taken to rectify these issues
2. Preparation of sales budget during 2012-17	Not prepared
3. Jobs amounting to ₹ 9.56 crore (printing of books for academic session 2016-17) performed without any formal order or agreement.	No realisation against these jobs till completion of audit. (December 2016).

Management stated (September 2017) that the Government departments had not informed their requirements in advance. This had made it difficult to assess the requirements of different departments for preparation of sales budget.

The reply was not tenable since the nature of printing jobs undertaken by both PSUs were predominantly repetitive. They comprised of textbooks, cause lists, holograms, lottery tickets, question papers, blank answer scripts *etc*. Hence, the PSUs were in a position to draw up tentative sales budgets, without any specific inputs of Government departments. These could be firmed up on receipt of actual orders.

3.3.7.2 Flawed and outdated estimates

Audit observed that SPL had drawn up estimates with defects as well as had continued with obsolete estimates prepared in 1999 and 2006 leading to losses of ₹ 12.84 crore[221] as follows:

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220 Referred to in paragraph 2.3.26 and 2.3.27 of the Audit Report (Commercial) 2007-08 *re* : Marketing set-up and Sales performance.

221 ₹ 12.84 crore (₹ 1.22 crore *plus* ₹ 68.14 lakh *plus* ₹ 10.94 crore).

Nature of job	Amount and Reasons for loss
1. Printing of state excise security hologram labels	Loss of revenue of ₹ 1.22 crore due to adopting rate of VAT at five *per cent* instead of applicable rate of 14.5 *per cent* (During January 2015 to December 2016)
2. Printing and binding of High Court Cause Lists	Billed on estimates prepared in 1999 instead of current rates, leading to loss of ₹ 85.30 lakh.
3. Ballots printed for Bihar panchayat elections in 2011 and 2016	Billed at rates prevailing in 2006 leading to loss of revenue of ₹ 10.94 crore.

Management stated (September 2017) that the Government departments did not allow escalation in prices. Besides, Bihar State Election Commission had, over the years, allowed SPL the enhanced actual cost of paper. However, requests for escalation to the High Court had not yet been approved (October 2017). GoWB had insisted that SPL accept a lower rate for hologram printing.

The reply does not clarify whether SPL had deliberated on the financial impact of printing and supplying ballot papers and cause lists at rates below their costs by 29.72 and 13.59 *per cent*. Further, the correspondence with the Government departments for enhancement of rates and change in negotiated rates were not produced to Audit, though called for.

Thus, the recommendation was not implemented by SPL and its sales and marketing scenario remained unchanged.

3.3.8 Recommendation 6: The Company needs to strengthen the monitoring mechanism over the machine performance and sub-contracted jobs.

3.3.8.1 Excess generation of scrap paper[222]

SPL/ WBTBCL had followed the norms[223] for allowable wastage of papers at (i) three *per cent* for printing of single colour job, (ii) four *per cent* for bi-colour jobs and (iii) 8.62 *per cent* for four colour jobs. Such wastages were sold as scrap. During 2004-08, the percentage of scrap generated to paper consumed was 13 to 19 *per cent*.

Audit scrutiny of records showed that SPL/WBTBCL was yet to introduce a monitoring mechanism in the ERP system to identify generation of scrap paper for single, bi-colour and four colour jobs. Hence, Audit evaluated that the loss

222 Referred to in paragraph 2.3.20 and 2.3.21 of the Audit Report (Commercial) 2007-08 *re* : Paper consumption.

223 Based on IS : 12000 (Part 1) – 1987 – Guide for Paper Spoilage and Wastage for Printing Industry of January 1988.

was ₹ 23.62 crore during 2013-17 on account of wastage of paper. The wastage was (10.07 to 18.41 *per cent*) in excess of the fixed norm of 8.62 *per cent* (for four-colour jobs). The PSUs attributed (September 2017) the excess generation of scrap paper to reel damage during transportation, loading and unloading; severe space shortage leading to handling losses; and storage of paper in the open during monsoons.

The Management accepted (September 2017) the observation.

3.3.8.2 Time lag between delivery of goods to customers and raising of invoices[224]

WBTBCL had entered into agreements with transporters to (i) deliver goods to its customers and (ii) obtain acknowledgement of delivery on the goods delivery challans. WBTBCL raised invoices on customers only when these transporters returned the challans duly receipted by its customers. While the agreements had specified delivery periods of one day (for customers within Kolkata) to 10 days (for customers in North Bengal), the timelines for return of challans after receipt by customers was not specified. WBTBCL did not monitor return of the challans by the transporters.

Audit scrutiny of challans and tax invoices raised showed that WBTBCL had raised (2014-17) invoices valued at ₹ 46.69 crore against 2,464 challans. The time lag ranged from 14 to 268 days from their dates of delivery and raising of invoices. The standard payment terms of the invoices required that customers make payment on their presentation; else interest would be recovered at 1.5 *per cent per* calendar month. Moreover, during the period 2014-17 (upto October 2016), WBTBCL had met its requirement of working capital through cash credit facility from banks[225] at an interest rate of 10.75 to 12.50 *per cent per annum*. Thus, raising invoices after time lags of 14 to 268 days from their dates of delivery resulted in payment of additional interest of ₹ 1.78 crore.

The Management attributed (September 2017) the time lag between delivery of goods and raising of bills on customers to delivery at distant locations and staggered schedule for deliveries. It stated that these deliveries would, however, be minimised with the introduction of Goods and Service Tax and development of a computerised delivery module for the School Education department.

The reply needs to be seen in context of the fact that the PSUs had failed to specify the time within which the transporters would be required to return the challans after receipt of goods by customers. Moreover, they had not monitored the post-delivery return of challans. As such, they had not imposed any controls on the delivery times.

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224 Referred to in paragraph 2.3.37 of the Audit Report (Commercial) 2007-08 *re* : Inordinate delays in billing.

225 Axis Bank and United Bank of India.

3.3.9 Conclusion

The Follow-up audit showed that out of six recommendations included in the earlier Performance Audit, SPL had not yet implemented any of the recommendations in their entirety. There was insignificant or no progress on implementation of two recommendations (recommendations - two and four) while four (recommendations - one, three, five and six) had been partly implemented. SPL continued with its out-dated production and marketing/ sales practices, low capacity utilisation of machines etc., resulting in sustained losses over the years. Its' monitoring and control mechanisms remained weak, which provided no assurance of management oversight over its operations. There were no further findings in respect of other issues included in the earlier Performance Audit.

The Management added (September 2017) that SPL had made substantial progress in the past few years. Moreover, it was working very hard to minimise the limitations imposed by the commercial and operational difficulties, which were part of its business profile.

WEST BENGAL POWER DEVELOPMENT CORPORATION LIMITED

3.4 Extra expenditure on Exchange Rate Variation due to contractual flaw

West Bengal Power Development Corporation Limited had not included an Exchange Rate Variation (ERV) clause in the tender document as it was for a firm price. Yet, subsequently it had included an ERV clause in the agreement. This led to extra expenditure of ₹156.76 crore.

West Bengal Power Development Corporation Limited (WBPDCL) is a state-owned electricity generation company. It operates five thermal power stations at Kolaghat, Bandel, Bakreshwar, Sagardighi and Santaldih.

WBPDCL notified (November 2009) a tender for the supply of equipment and materials for Units 3 and 4 of its Sagardighi Thermal Power Project (SgTPP) Phase II. M/s Bharat Heavy Electricals Limited (Contractor), was awarded (February 2011) the contract for supply and erection at a total firm price[226] of ₹ 3,220 crore (including USD and Euro for imported materials). The Letter of Award (LOA) specified a completion schedule of 45 months (Unit 3) and 48 months (Unit 4) from the zero date (February 2011). The contract price was also to remain firm throughout the execution period and any extension thereof, as per the LOA. Moreover, the bid documents provided (November 2009) for

[226] A firm-price contract is a type of contract in which there is no uncertain or indefinite element in the price. The amount paid does not depend on resources used or time expended.

execution of an agreement within 60 days from the date of issue of LOA. The agreement was signed only in January 2012, *i.e.* beyond 60 days from LOA with additional clause for application of prevailing exchange rates for imported components. As per the LOA, the supply and erection value was ₹ 3,220 crore. Till December 2016, WBPDCL had approved bills for ₹ 3,241.32 crore. This included an extra amount of ₹ 156.76 crore on account of Exchange Rate Variation (ERV) on imported materials. After certification by WBPDCL[227], the contractor was paid the ERV amount between April 2011 and December 2016. The payments were based on the exchange rates of US Dollar and Euro to the Indian Rupee (INR), prevailing on the dates of release of payment.

The Government of India Manual on Policies and Procedures for Purchase of Goods[228] (GoI Manual) laid down (August 2006) the guidelines that in case the delivery period exceeded one year from the date of contract (LOA):-

- The purchase organisation formulate an appropriate Exchange Rate Variation (ERV) clause;
- The tenderers be asked to indicate the base exchange rate for each foreign currency to be used for converting the foreign exchange content into Indian Rupee; and
- The tenderers also be asked the extent of ERV risk that they were willing to bear.

Audit observed (January 2017) during inspection of records of WBPDCL that:

- There was no provision for payment of any ERV either in the tender documents or in the LOA. The period of supply of goods was more than a year (Unit 3: 45 months and Unit 4: 48 months). Hence, WBPDCL should have incorporated an ERV clause in the tender document to ensure that the burden of ERV was shared by both WBPDCL and Bharat Heavy Electricals Limited (BHEL).
- Despite diminution in value of INR (November 2010 and January 2012), clause 3.5 on ERV was included in the agreement between WBPDCL and BHEL. This clause stipulated that WBPDCL would pay BHEL for imported components (denominated in US Dollars and Euros) in equivalent INR at the exchange rate prevailing on the date of release of payment to BHEL. This placed the entire burden of ERV on WBPDCL, in deviation from the GoI guidelines.

227 For the delivery of materials between December 2013 and July 2016.

228 Clause 9.3.4 on ERV.

The Management stated (January 2018) that since the contract was issued on BHEL, an Indian contractor, WBPDCL had intended not to purchase the foreign currency. Instead, it decided to pay the foreign currency component in INR at the exchange rate prevailing on the day of payment. In case the ERV had taken place in the reverse direction, WBPDCL would have been benefitted. The reply is not tenable as Audit had observed that there was diminution in the value of INR between November 2010[229] and January 2012[230]. Hence, addition of an ERV clause favourable to BHEL was not justified.

As such, payment of ₹ 156.76 crore (between April 2011 and December 2016) as ERV was unjustifiable. Moreover, WBPDCL had compromised its financial interests by incorporating unfavourable terms in the agreement (January 2012). This had also violated the GoI Manual on Policies and Procedures for Purchase of Goods.

This matter was brought to the notice of the Government (July 2017); reply is awaited (January 2018).

3.5 Avoidable payment towards compensation on short lifting of coal

West Bengal Power Development Corporation Limited failed to give requisite three months' advance notice to Eastern Coalfields Limited (ECL) for short requirement of coal. This was due to renovation of Unit 5 at Bandel Thermal Power Station (BTPS). Consequently it paid avoidable compensation of ₹ 80.97 crore to ECL in 2013-14 and 2014-15.

West Bengal Power Development Corporation Limited (WBPDCL) entered (June 2009) into a Fuel Supply Agreement[231] (FSA) with Eastern Coalfields Limited[232] (ECL). The FSA was for 20 years from 1 April 2009 and covered all five Thermal Power Stations (TPS)[233] of WBPDCL. The Annual Contracted Quantity (ACQ) in the FSA was 4.15 Million Metric Tonnes (MMT) of coal[234].

The FSA, *inter alia*, provided that WBPDCL: -

- would pay compensation to ECL for short lifting of coal if any TPS lifted below 90 *per cent* of ACQ;
- could re-allocate the ACQ of a TPS among the remaining TPS, to obviate payment of compensation; and

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229 Month of evaluation of BHEL's offer by WBPDCL.

230 Month of agreement with BHEL in which ERV clause was introduced.

231 Under the New Coal Distribution Policy issued by Ministry of Coal, Government of India in October 2007.

232 A Government of India Undertaking and a subsidiary of Coal India Limited.

233 Kolaghat Thermal Power Station (KTPS), Bakreswar Thermal Power Station (BkTPS), Sagardighi Thermal Power Station (SgTPS), Santaldih Thermal Power Station (STPS) and Bandel Thermal Power Station (BTPS).

234 Specified in Clause 3.1.1 of FSA-KTPS : 0.55 MMT, BkTPS : 1.00 MMT, SgTPS : 1.00 MMT, STPS : 0.40 MMT and BTPS : 1.2 MMT.

- must give three months' advance notice to ECL specifying the period of outage at its TPS if the TPS was under RMLEP.[235] In this manner, the ACQ would be reduced and compensation to ECL avoided.

During audit of records of WBPDCL, it was observed (December 2016) that:

- The Board of Directors of WBPDCL decided (December 2009) to take up RMLEP of Unit 5 at Bandel Thermal Power Station (BTPS). Accordingly, WBPDCL entered into contracts (between February 2012 and April 2013) for the works. The works were to start from March 2012 with schedule of completion being June 2014. According to this schedule, the unit was to remain under shut down for nine months from September 2013 to May 2014.
- WBPDCL intimated[236] (September 2013) to its shareholders that Unit 5 of BTPS would remain under shutdown for RMLEP tentatively from November 2013. Finally, the Unit was under shutdown between December 2013 and November 2015 for RMLEP; with resultant reduction in the requirement of coal. WBPDCL was aware that the shutdown was scheduled from November 2013. But it did not give the requisite three months' advance notice to ECL specifying outage of the Unit for nine months. This advance notice was required to avail consequential reduction of ACQ**.**
- WBPDCL had, in 2013-14, allocated 56.75 *per cent* of ACQ coal to BTPS and re-allocated to other TPS. In 2014-15, the quantity rose to 63.83 *per cent*. ECL had raised (May 2014/ April 2015) compensation bills of ₹ 97.07 crore[237] for short allocation of coal to all five units of BTPS during these two years**.** WBPDCL accepted (August 2015) these claims after reconciliation with ECL. It paid ECL the compensation during 2015-17.
- The annual requirement[238] of coal for Unit 5 was 0.92 MMT. Therefore, ACQ for 2013-14 and 2014-15 would have decreased proportionately, had WBPDCL issued notice to ECL in advance. The details are as follows: -

Table 3.3 : Statement showing payment of avoidable compensation

Year	Months for non-availing ACQ	Proportionate reduction in ACQ (MMT)	Amount of avoidable compensation (₹ in crore)
2013-14	From December 2013 to March 2014 for four months	0.31	35.01
2014-15	From April to August 2014 for five months	0.38	45.96
Amount of avoidable compensation			**80.97**

235 Clause 3.1.3 of FSA specified Renovation, Modernisation and Life Extension programme.

236 Annexure-I to the Directors' Report in the twenty-eighth Annual Report of WBPDCL for the year 2012-13.

237 2013-14 : ₹ 49.87 crore and 2014-15 : ₹ 47.20 crore.

238 Calculated on the basis of coal and fuel oil consumed by Unit 5 between April 2011 and November 2013. **Source** : CEA Reports and WBPDCL Tariff proposals 2014-17 and 2017-20.

WBPDCL stated (June 2017) that under the FSA, ECL was entitled to regulate or suspend coal supply for non-payment of dues in time. The quantities so regulated or suspended would be treated as Deemed Delivery Quantity (DDQ) by ECL. WBPDCL had delayed payments against dues and ECL had exercised the option of regulating/ suspending supplies. Consequently, ECL had claimed compensation based on DDQ.

The reply is not relevant to audit observation since WBPDCL had not responded to the observation on failure to give timely notice. WBPDCL had failed to give three months' advance notice to ECL specifying the scheduled period of shutdown of Unit-5, BTPS. Consequently, the reduction in ACQ had not materialised. This led to avoidable payment of compensation of ₹ 80.97 crore to ECL.

This matter was brought to the notice of the Government (June 2017); reply is awaited (January 2018).

3.6 Additional expenditure on purchase of coal at higher rates

West Bengal Power Development Corporation Limited purchased coal above the prevailing market rates. As a result, it had incurred additional expenditure of ₹ 23.46 crore.

The Ministry of Power (MoP), Government of India fixed the targets each year (since May 2005), for the annual[239] quantities of imported coal to be utilised by each generating company. This was to meet shortages in the availability of indigenous coal. In respect of West Bengal Power Development Corporation Limited (WBPDCL)**,** the annual quantity of coal that had to be imported ranged from 0.36 Million Metric Tonnes (MMT) in 2005-06 to 1.5 MMT in 2012-13. It was reduced to one MMT for the year 2013-14.

(i) During the compliance audit at Head Office of WBPDCL, Audit observed (January 2017) the following:

- In August 2012, WBPDCL awarded a contract to M/s Adani Enterprise Limited (AEL) for supply of 1.5 Million Metric Tonnes (MMT) of imported non-coking Indonesian coal[240]. Supply was to be made at a rate of ₹ 5,439 per Metric Tonne[241] (MT) for delivery by September 2013. As per the contract, WBPDCL had the option to buy an additional quantity of 0.375 MMT upto March 2014, at same rate, if AEL's performance was found satisfactory. This placement of order on AEL was approved for

[239] Amended every year keeping in mind requirements and availability of coal.

[240] Gross Calorific Value (GCV) of 5,400 – 5,600 kcal/kg.

[241] Rate is Free On Rail (F.O.R.) at Paradip and Haldia ports *i.e.* excluding cost of loading, unloading and railway freight with Free On Board (F.O.B.) rate at originating port of ₹ 4,656.60 *per* MT *i.e.* excluding shipping freight, insurance, import duties, local taxes *etc.*

adoption by the Board of Directors (BoD) in September 2012. From August 2012 to October 2013, WBPDCL received 1.5 MMT of imported coal from AEL. It also had the option to buy additional quantities as specified above.

- WBPDCL's Contract, Purchase and Procurement Committee (CPPC) proposed (March 2013) to initiate a fresh tender for purchase of 1.5 MMT coal in 2013-14 as the prices of Indonesian coal had plunged by 11 to 23 *per cent* over the previous price. Accordingly, the BoD approved (March 2013) the proposal and sanctioned (September 2013) the purchase of 1.5 to 2 MMT of imported coal, through open tender.

- Despite BoD's recommendations for fresh tender, WBPDCL had extended (October 2013) the order on AEL for supply of an additional quantity of 0.375 MMT, at the same rate. After receiving 0.322 MMT (October 2013 to January 2014) of imported coal from AEL, WBPDCL terminated (February 2014) the contract due to supply of inferior[242] quality of coal.

The BoD had decided to call for fresh tender to take advantage of the declining prices. Yet, WBPDCL had extended the supply order. This led to an additional expenditure of ₹ 7.51 crore on purchase of 0.322 MMT of imported coal as given in **Annexure 12**.

The Management stated (January 2018) that it was advised by the appropriate higher authority that no further tender would be floated for procurement of imported coal by WBPDCL. The reply was not acceptable as the BoD had granted approval for inviting fresh tender to procure imported coal. No proposal to change this order was brought before the BoD. In light of the facts, it was not clear as to which appropriate higher authority advised against the orders of BoD.

(ii) With regard to purchase of indigenous coal, Audit observed the following:

- BoD of WBPDCL approved (July 2013) procurement of indigenous non-coking coal[243] from West Bengal Mineral Development and Trading Corporation Limited (WBMDTCL), a state PSU. The purchase was approved on the condition that the base price of coal procured from WBMDTCL should be equal to the notified price of CIL/ ECL[244] for equivalent grade of coal. WBPDCL entered (August 2013) into an agreement with WBMDTCL to purchase 0.35 MMT coal[245] from September 2013 to March 2014 at the rate of ₹ 5,159.94 *per* MT. Later, WBPDCL extended (April 2014) the period till September 2014 as WBMDTCL could not complete the supply on time.

242 Wet and sticky coal as specified in termination letter no. WBPDCL/ DGM(FM)/ IMPORT-XIII/ 6526 dated 20 February 2014.

243 Trans-Damodar coal mined by Trans-Damodar Coal Mining Private Limited.

244 Coal India Limited/ Eastern Coalfields Limited, both central public sector undertakings.

245 Gross calorific value of 6,101 – 6,400 kcal/kg.

The contract was terminated (June 2014) due to disagreement upon sharing of under/ over-loading charges. Till June 2014, WBPDCL had purchased 0.243 MMT from WBMDTCL.

- While submitting the proposal for BoD's approval, WBPDCL had compared the rates of non-coking coal from WBMDTCL with the prices of imported coal procured (August 2012 to January 2014) from AEL. However, it did not compare these with the prices[246] of imported coal prevailing worldwide, which were in fact cheaper than the prevailing rates of indigenous coal.

Thus, despite being aware that the prices of imported coal had declined, WBPDCL went in for procurement of indigenous coal. This led to additional expenditure of ₹ 15.95 crore on purchase of 0.243 MMT coal from WBMDTCL as given in **Annexure 12**.

The Management stated (January 2018) that the landed cost of coal from WBMDTCL was lower than the landed cost of imported coal.

The reply is not factual since the prevailing market price of imported coal in 2013-14 was lower than the price of August 2012. Yet, WBPDCL had considered the prices of August 2012.

Thus, WBPDCL failed to reap the benefits of declining prices of imported coal, resulting in additional expenditure of ₹ 23.46 crore[247] **(Annexure 12).** This also led to higher fuel cost, which was ultimately passed on to consumers by way of higher energy charges**.**

The matter was brought to the notice of the Government (June 2017); reply is awaited (January 2018).

WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

3.7 Loss due to delay in recovery of interest free advances

West Bengal State Electricity Transmission Company Limited had awarded construction contracts for sub-stations and transmission lines. It had disbursed noninterest bearing advances of ₹ 195.36 crore to 18 contractors. In violation of CVC guidelines, their recovery was not effected in time-based manner, thereby resulting in loss of interest of ₹ 4.06 crore.

West Bengal State Electricity Transmission Company Limited (WBSETCL) is the state transmission utility. It awarded (April 2011 to March 2016)

246 ₹ 4,423.38 *per* metric tonne.

247 ₹ 7.51 crore + ₹ 15.95 crore.

106 contracts[248] to 18 contractors for supply, erection, commissioning *etc.* of 25 sub-stations and 20 transmission lines on turn- key basis**.**

The Central Vigilance Commission (CVC) had issued[249] (April 2007) guidelines stipulating that recovery of non-interest bearing advances should be time-based and not linked with the progress of work.

Audit examined (November 2016) 58[250] out of 106 contracts executed between January 2012 and March 2016. It was observed that WBSETCL had granted non-interest bearing advances aggregating to ₹ 121.28 crore[251]. These advances were disbursed from cash credit accounts of WBSETCL, which carried interest at rates ranging from 9.65 to 12.60 *per cent per annum*. Further, WBSETCL had not specified any time frame in the contracts for recovery of advances. Due to slow progress of works, WBSETCL could recover only ₹ 49.59 crore through adjustment of running account bills. These recoveries were made after delays of eight to 26 months beyond the scheduled dates of completion of the contracts. This resulted in loss of interest of ₹ 4.06 crore (at the rate of 9.65 *per cent per annum*) to WBSETCL. As in November 2017, the remaining amount of ₹ 71.69 crore is still unadjusted and WBSETCL continued to bear interest on it.

The Management accepted (July 2017) the audit observation. It added (September 2017) that WBSETCL's Board of Directors (BoD) had amended (July 2017) the existing policy and General Conditions of Contract in line with the CVC guidelines. However, the fact remains that an action taken earlier would have saved WBSETCL from the loss of interest which arose due to delayed recovery of advances.

Thus, due to disbursement of non-interest bearing advances by WBSETCL to contractors, without providing for their time bound recovery, WBSETCL had to incur loss of interest of ₹ 4.06 crore[252].

The matter was brought to the notice of the Government (June 2017); reply is awaited (January 2018).

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248 Aggregate value : ₹ 2,792.82 crore (sub-stations : ₹ 915.80 crore, lines : ₹ 1,877.02 crore).

249 Office Memorandum/ Circular No. 10/4/07.

250 Aggregate value : ₹ 1,617.36 crore (sub-stations : ₹ 480.12 crore, lines : ₹ 1,137.24 crore).

251 Sub-stations: ₹ 38.63 crore, lines: ₹ 82.65 crore.

252 The payments were initially made from WBSETCL's cash credit accounts and subsequently recouped from Rural Electrification Corporation Limited through transfer of loans. Hence, loss has been calculated at the lowest rate of interest at 9.65 *per cent per annum* on cash credit during this period.

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

3.8 Loss of revenue due to short-billing and grant of unjustified exemption

West Bengal State Electricity Distribution Company Limited incurred loss of revenue aggregating to ₹ 1.56 crore on supply of power due to application of incorrect tariff rates. It had also forgone revenue of ₹ 2.15 crore of the Government of West Bengal by allowing unjustified exemption from electricity duty.

West Bengal State Electricity Distribution Company Limited (WBSEDCL) is a state-owned electricity distribution company. The West Bengal Electricity Regulatory Commission approves tariff orders annually. These tariff orders specify the rates at which electricity was to be charged by WBSEDCL from different categories of consumers. Prior to 2007-08, the power used by the consumer for construction works used to be billed at rates as applicable for industries. From 2007-08, separate tariff category for "construction power" was introduced. Further, Section 5 of Bengal Electricity Duty Act 1935 (Act) requires that WBSEDCL collect electricity duty from all consumers, except from exempted[253] consumers. Thereafter, WBSEDCL was to remit the electricity duty collected to the Government of West Bengal (GoWB).

West Bengal Power Development Corporation Limited (WBPDCL), a power generating state public sector undertaking, applied (April 2011) to WBSEDCL for reviving a dormant service connection. This service connection was effected from September 2011. WBPDCL's contractors, *i.e.* Bharat Heavy Electricals Limited (BHEL) and its associates utilised the power for construction of Unit 3 and 4 of the Sagardighi Thermal Power Project (SgTPP), Stage-II.

It was observed (June 2017) during the audit of WBSEDCL that: -

- Specific tariff rates[254] were applicable for the supply of power for construction works at SgTPP. Yet, during the period 2011-17, WBSEDCL had raised electricity bills on WBPDCL for construction power at rates applicable to industries[255]. Since the rates levied were much lower than the rates actually applicable, this led to under-billing. The short-collection of revenue was ₹ 1.73 crore (**Annexure 13**).

- WBPDCL was not in the list of entities exempted from payment of electricity duty. But, in the same period (2011-17), WBSEDCL had waived electricity duty realisable from WBPDCL for no recorded reasons. This exemption of electricity duty had led to loss of revenue of ₹ 2.78 crore (**Annexure 13**).

[253] The Second Schedule of the Bengal Electricity Duty Act 1935 exempts entities such as government organisations, hospitals/ dispensaries, any licensee or private generator *etc.* from payment of electricity duty.

[254] Ranging between ₹ 7.07 *per* kwh (kilowatt hour) and ₹ 7.20 *per* kwh.

[255] Ranging between ₹ 3.61 *per* kwh and ₹ 7.20 *per* kwh.

The Government accepted (December 2017) the audit observation. The tariff code for WBPDCL had been changed with effect from July 2017. Moreover, WBSEDCL had claimed ₹ 0.87 crore[256] (**Annexure 13**) from July 2015 to March 2017 as arrears in the energy bill for September 2017. This amount had been received by WBSEDCL by way of adjustment.

Under the Electricity Act 2003, no claims shall be raised on any consumer beyond two years from the date, when such sum became first due. Therefore, the balance arrears of ₹ 3.71 crore in respect of the period prior to July 2015 had become time-barred.

Thus, WBSEDCL, (i) sustained loss of revenue aggregating to ₹ 1.56 crore due to billing at rates below the applicable tariff; (ii) caused loss of revenue to GoWB aggregating to ₹ 2.15 crore by allowing unjustified exemption from electricity duty.

WEST BENGAL HIGHWAY DEVELOPMENT CORPORATION LIMITED

3.9 Avoidable loss of revenue due to non-collection of toll charges

West Bengal Highway Development Corporation Limited (WBHDCL) sustained an avoidable loss of revenue of at least, ₹2.56 crore. This was due to absence of proper planning for timely appointment of toll charges collection agency for the Dumdum-Barrackpore-Kalyani Expressway.

The Kolkata Metropolitan Development Authority (KMDA) had outsourced the collection of toll charges on the Dumdum-Barrackpore Kalyani Expressway since November 1998 to private agencies. The Public Works Department (PWD), GoWB directed (February 2015) West Bengal Highway Development Corporation Limited (WBHDCL) to take over the expressway from KMDA with the objective of maintaining and upgrading it. KMDA decided (March 2015) to hand over the expressway in phases. In the first phase, PWD took over (April 2015) possession of a stretch of 39 km. PWD concurrently handed it over to WBHDCL. WBHDCL took over (January 2016) the balance portion of the expressway, excluding the toll collection infrastructure. The toll collection infrastructure remained under the control of KMDA.

During audit of transactions of WBHDCL for 2015-16, it was observed (March 2017): -

- KMDA had entrusted (December 2012) the toll collection from the expressway to SAE[257], a private agency. KMDA was to receive ₹ 8.19 crore[258] over three years. According to the asset handing over/taking over report (April 2015), the collection agency was to remain under the control of KMDA until 17 December 2015.

256 This is the amount calculated by WBSEDCL by multiplying unit consumption and average rate difference between construction power and Industrial (11 KV).

257 Sahakar Aakash Enterprise (SAE).

258 In three yearly instalments of ₹ 2.52 crore (17 December 2012 to 16 December 2013), ₹ 2.70 crore (17 December 2013 to 16 December 2014) and ₹ 2.97 crore (17 December 2014 to 16 December 2015).

- KMDA requested (7 January 2016) WBHDCL to take over toll collection as the agreement with SAE was to expire on 26 January 2016. WBHDCL approached (January 2016) KMDA to continue with collection of toll charges for further six months. This was because the appointment of an agency would require time. Hence, KMDA and WBHDCL decided (25 January 2016) that the toll collection agency, SAE, would continue to remain under the control of KMDA until further orders.
- KMDA communicated (17 February 2016) that SAE had declined any further extension to the agreement. SAE would discontinue collection of toll charges from 19 February 2016. Despite this, WBHDCL reiterated (19 February 2016) that KMDA continue toll collection for the next four months due to paucity of time for inviting fresh quotations.
- SAE stopped the collection of toll charges from 19 February 2016. As such, the expressway remained unattended and no toll charges were collected.
- Meanwhile, WBHDCL had undertaken (August-September 2015) traffic survey on the expressway. Based on the existing toll charges, WBHDCL could have earned an annual revenue of ₹ 3.55 crore. It decided (August 2016) to initiate e-tendering for collection of toll charges on the expressway, after lapse of six months since cessation of collection of toll charges.
- WBHDCL did not receive any bids. Therefore, they re-tendered (September 2016) and received a single bid[259] for ₹ 9.17 crore for one year. Based on the sole offer, WBHDCL issued (December 2016) a letter of award for an annual toll revenue of ₹ 9.17 crore on the sole bidder. Finally, that collection agency commenced collecting toll charges from 30 December 2016.

WBHDCL failed to float and finalise the tender well in advance for the collection of toll charges. This was despite being aware of timelines regarding expiry of contract. Thereby, such failure led to non-collection of toll charges on the expressway between 19 February and 29 December 2016[260]. This non-collection resulted in loss of revenue of, at least, ₹ 2.56 crore (**Annexure 14**).

Government admitted (August/ November 2017) to the loss of revenue due to delay. They ascribed it to observing proper procedural formalities in inviting tenders and selecting a collection agency. Moreover, the loss of revenue was made up through substantial higher toll revenue in subsequent period. However, Audit reiterated WBHDCL was aware that it would have to take over toll collection on expiry of the contract (December 2015). Yet, WBHDCL had

[259] Barjora Alert Co-operative Labour Contract and Construction Society Limited.

[260] For a period of 315 days.

initiated action to appoint new collection agency only in August 2016. Besides, timely action would have led to earning of higher toll revenue since February 2016 instead of December 2016.

Thus, WBHDCL's failure to exercise requisite due diligence regarding collection of toll charges led to avoidable loss of revenue of, at least, ₹ 2.56 crore.

CALCUTTA STATE TRANSPORT CORPORATION

3.10 Additional expenditure on procurement of buses due to non-compliance with contractual terms

Calcutta State Transport Corporation had not complied with contractual provisions. It had incurred additional expenditure of ₹ 1.92 crore by reimbursing to Tata Motors Limited excise duty at higher rate of 12 per cent on 81 out of 120 buses.

Calcutta State Transport Corporation (CSTC) awarded (February 2014) a contract to Tata Motors Limited (TML) for the supply of 120 buses[261]. The contract price was ₹ 64.75 lakh per bus including excise duty[262] at 12 *per cent*. The delivery of all the 120 buses was to take place between May and November 2014 as per the agreement signed (March 2014) with TML. The agreement also provided for payment of five *per cent* of contract value as mobilisation advance within 15 days of issue of Purchase Order (PO), subject to submission of bank guarantee by TML. Further, the second mobilisation advance was to be paid by CSTC to TML within 15 days of approval of prototype buses to be supplied by TML. The delivery schedule commenced after disbursement of the second mobilisation advance. According to the agreement[263], TML was not entitled to any increase in duties and levies after expiry of contracted delivery schedule. CSTC received these 120 buses only between December 2014 and March 2016.

Audit observed (October 2016) during audit of transactions of CSTC at Belghoria (Main) for 2015-16, the following:

- According to CSTC's records, it had received (December 2013 and February 2014) ₹ 103.97 crore from the Transport Department for the purchase of buses under the Jawaharlal Nehru National Urban Renewal Mission (JnNURM) scheme. CSTC delayed release of the two mobilisation advances to TML despite having sufficient funds. Analysis showed that the first mobilisation advance was required to be disbursed

261 Under the JnNURM scheme.

262 Central Excise Notification 12/2012 dated 17 March 2012, effective from March 2012.

263 Clause 24.2 of Request for Proposal (No. 002/80 dated 30 January 2014) that was part of the agreement.

by CSTC to TML by 25 March 2014 but only after receipt of bank guarantee. TML had submitted the bank guarantee for the first advance on 02 April 2014, but CSTC paid the amount only on 05 May 2014. Similarly, in respect of the second mobilisation advance, CSTC had approved the prototype on 30 June 2014. Hence, advance was to be paid to TML by 15 July 2014. Although, CSTC had formally sanctioned payment on 06 August 2014, after receiving the bank guarantee on 21 July 2014. The advance was paid to TML on 10 December 2014. The advances were belatedly released in May and December 2014 *i.e.*, after delays of two and five months respectively. As such, the contractual delivery schedule, which was staggered, got pushed back. Hence, 112 buses were actually delivered only between December 2014 and April 2015, with the remaining eight buses arriving only in December 2015 to March 2016. The reasons for delays in release of the mobilisation advances were not on record nor made available, though called for in Audit.

- The Department of Revenue, Ministry of Finance, Government of India had reduced the rate of excise duty[264]. Therefore, for the period between 17 February and 31 December 2014, excise duty had dipped from 12 to eight *per cent*. Consequently, the price of each bus had reduced by ₹ 2.37 lakh. Yet, the agreement (04 March 2014) and purchase order (10 March 2014) between CSTC and TML had included excise duty of 12 *per cent* instead of eight *per cent*.

- Between March 2015 and May 2015, CSTC had reimbursed excise duty at eight *per cent*[265] on 39 buses despatched by TML till December 2014. This was in line with the prevailing rates of excise duty. CSTC reimbursed excise duty at 12 *per cent*[266] on 81 buses delivered after December 2014. It was noticed that delayed payment of mobilisation advance had pushed back the delivery dates. Consequently, payment of excise duty was at 12 *per cent* of the cost of the buses, instead of eight *per cent*. This led to additional expenditure of ₹ 1.92 crore towards higher excise duty (**Annexure 15**) on 81 out of 120 buses.

The Management replied (July 2017) that the agreement provided for payment of excise duty at 12.125 *per cent*. Consequently, CSTC had not imposed additional financial burden on the Government Exchequer by reimbursing TML at the higher rate of excise duty prevailing at the time of supply of 81 buses.

264 Central Excise Notifications 04/2014 and 06/2014 dated 17 February 2014 and 25 June 2014 respectively, read with D.O.F. No.334/3/2014-TRU dated 17 February 2014.

265 ₹ 4.21 lakh per bus.

266 ₹ 6.28 lakh per bus.

Moreover, the amount paid as excise duty had been deposited by TML to the Government Exchequer. Besides, payments were released to TML after approval from the Government and release of fund by it.

The reply of Management is not correct since the agreement envisaged that excise duty was payable at the prevailing rates. The rate applicable was eight *per cent* for deliveries within the scheduled delivery period. Moreover, Government of West Bengal had provided sufficient fund to CSTC for the procurement of these buses under JnNURM.

Thus, CSTC's failure to release mobilisation advance to TML within the time prescribed in the contract, led to delivery of all buses beyond the delivery schedule. It had, thereby, incurred additional expenditure of ₹ 1.92 crore towards excise duty on 81 buses at higher rate of 12 *per cent*.

This matter was brought to the notice of the Government (June 2017); reply is awaited (January 2018).

3.11 Undue favour extended to advertising agencies in deviation of contractual terms

Calcutta State Transport Corporation had allowed reduction in license fees, rebate on license fees and not claimed interest on delayed payments from two advertising agencies. This was in deviation from contractual provisions. Consequently, it was deprived of revenue of ₹ 1.31 crore.

Calcutta State Transport Corporation (CSTC), a state transport undertaking, was established in 1960. It was entrusted with the development of road transport in the areas comprising Calcutta and its adjacent districts.

CSTC wanted to increase revenue and reduce the subsidy burden on the State. So, it entered (August/ September 2014) into agreements for three years with two advertising agencies[267], *viz.* SIPL and OADPL. The agreements were for display of advertisements on 68 air-conditioned (AC) buses[268] operated by CSTC. These agreements, *inter alia*, provided that:

- Agencies were to pay CSTC monthly license fees 15 days in advance for the next month. The fees amounted ₹ 47,000 per bus per month from the dates of allotment of buses up to July/ August 2017.
- CSTC would grant rebate on payment of license fees only on those allotted buses that remained out of service, for repair and/or for other reasons, in excess of three days at a stretch.
- CSTC could either terminate the agreement or recover interest at 18 *per cent* for the period of delay, if the agencies remitted license fees belatedly.

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[267] M/s Signpost India Private Limited (SIPL) and M/s One AD Display Private Limited (OADPL).

[268] To SIPL: 55 'Volvo' buses; OADPL: Six 'Volvo' and seven 'Ashok Leyland' buses.

- The advertisements would be displayed, among other areas, on the exterior surface of selected portion of glass panel and body surface by pasting vinyl film.
- CSTC would obtain bank guarantees as security deposit from both the agencies to be kept till expiry or revocation of the agreements.

SIPL prematurely closed (June 2016) the agreement on the pretext of reduction in advertising area by CSTC to comply with a Public Interest Litigation (PIL) filed in the Hon'ble High Court, Kolkata (September 2015). Further, CSTC did not raise bills on OADPL beyond June 2016. Ultimately, in June 2016, CSTC floated fresh notice inviting tender for advertisement on bus bodies.

During inspection of records at Belghoria (Main) office of CSTC for the period 2015-16, Audit observed (October 2016) the following: -

- SIPL claimed (November 2015/ February 2016) that it was given lesser space than that envisaged in the agreement for advertisement. Consequently, it sought proportionate reduction in the rate[269] of monthly licence fees to ₹ 43,540 *per* bus *per* month from inception. CSTC accepted (March 2016) SIPL's claim and reduced the aggregate billed amount by ₹ 40.34 lakh. In this context, the Hon'ble Supreme Court of India had directed[270] (April 2012) compliance with the provisions of rule 100 of the Central Motor Vehicle Rules, 1989. Therefore, use of black film or any other materials upon safety glasses, front/ rear windscreens and side glasses was prohibited. As such, this reduction was not admissible, as that space was never available for advertisement. The deduction allowed by CSTC was also not justified since, in the agreement, CSTC had not specified the area *per* bus that would be available for advertising. Hence, the question of increase/ decrease in advertising area does not arise.
- CSTC had claimed net license fees of ₹ 5.57 crore[271] from September 2014 to June 2016, after granting rebate of ₹ 1.46 crore[272]. CSTC allowed this rebate for 9,844 days, *i.e.*, for the total number of days, buses had remained out of service. However, this rebate should have only been allowed for only those 4,941 days when these buses had remained out of service for more than three days at a stretch. CSTC allowed rebate for all the days even when buses were out of service for one or two days only. Excess allowance of rebate due to excess calculation of non-operational days amounted to ₹ 0.65 crore[273] as depicted in **Annexure 16**.

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269 Advertisement area envisaged by SIPL: 326 sft *per* bus, rate: ₹ 47,000 *per* bus *per* month; actual advertisement area: 302 sft *per* bus, proportionate rate: ₹ 43,540 *per* bus *per* month.

270 Writ Petition (Civil) No. 265 of 2011, Avishek Goenka vs. Union of India and others.

271 SIPL: ₹ 4.52 crore and OADPL: ₹ 1.05 crore.

272 SIPL: ₹ 1.03 crore and OADPL: ₹ 0.43 crore.

273 SIPL: ₹ 44.80 lakh and OADPL: ₹ 19.89 lakh.

- Both the agencies in contravention to the terms of agreements, did not pay license fees 15 days in advance to CSTC for the subsequent month. CSTC received payments after delays of six to 360 days from SIPL and five to 271 days from OADPL. CSTC had not claimed interest of ₹ 0.26 crore[274] as provided in the agreement on that belated payments.

- The agreements specified that CSTC should obtain security deposit valid for the contractual period of three years. However, both agencies had submitted four bank guarantees[275] valid for only one year and had not extended them thereafter. As a result, CSTC held no security deposit for realisation of dues. At the end of May 2017, ₹ 0.82 crore was still due from SIPL and ₹ 0.13 crore from OADPL. Interest would continue to accrue on the outstanding amount till their final realisation.

The Management accepted the audit observation and stated (July 2017) that invoices had been raised on SIPL and OADPL towards amounts of loss arising from inadmissible rebates and interest on belated payments by both the agencies.

Thus, CSTC's failure to follow contractual provisions resulted in it being deprived of license fees aggregating to ₹ 1.31 crore.[276]

These matters were brought to the notice of the Government in June 2017, reply is awaited (January 2018).

SOUTH BENGAL STATE TRANSPORT CORPORATION

3.12 Loss due to inadmissible discount on route sale of tickets

South Bengal State Transport Corporation allowed discount on route sales of tickets. This was in deviation of fares statutorily fixed by the Government of West Bengal and directions issued to implement those fares. Therefore, it sustained a loss of ₹ 80.26 lakh.

The Government of West Bengal (GoWB) is empowered[277] to issue directions to the State and Regional Transport Authorities regarding setting fares for stage carriages[278]. The Committee on Public Undertakings (COPU) in 2006-07 recommended[279] that once the fare chart/ table was issued, it should be

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274 Interest calculated for the period from September 2014 to May 2017.

275 SIPL : ₹ 51.70 lakh expiring in August 2015, OADPL : ₹ 13.16 lakh expiring between September 2015 to March 2016.

276 Inadmissible reduction in license fees : ₹ 0.40 crore, ineligible rebate on license fees : ₹ 0.65 crore and interest on delayed of license fees : ₹ 0.26 crore.

277 Under Section 67 of the Motor Vehicles Act, 1988.

278 Motor vehicles constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey.

279 In 114 COPU Report, presented to the West Bengal Legislative Assembly on 9 July 2010.

immediately implemented. Accordingly, GoWB had directed (September 2011) all STUs to implement fares fixed by it. It laid down[280] (August/ September 2014) the fares for stage carriages operated by the five[281] State Transport Undertakings (STUs) and private operators with effect from September 2014. Out of the five STUs, one STU, *viz.* South Bengal State Transport Corporation (SBSTC), operates 12 depots[282]. SBSTC had incurred total losses of ₹ 209.70 crore from 2011-12 to 2015-16.

Audit inspected (January 2016/ February 2017) the transactions of SBSTC for 2014-15 and 2015-16 at its Head office and depots. SBSTC bought (October/ November 2014) 350 hand-held Electronic Ticket Vending Machines (ETVMs). The objectives was arresting leakage of revenue and keeping records of journey[283] details.

Audit observed the following from the data generated by the ETVMs (January 2015 to January 2017) that: -

- GoWB's directions (August/ September 2014) did not provide for any discount on fares. Between January 2015 to January 2017, SBSTC had, however, allowed a discount of ₹ 80.26 lakh on route sales[284] of tickets. This was in contravention of GoWB's direction (August 2014) to all STUs to implement the fares fixed by it and the statutory provisions regarding fixing of fares by GoWB.

- No record seeking approval of GoWB or SBSTC's Board of Directors (BoD) for allowing this discount was available. There was also no document on record to indicate the level at which the decision was taken to introduce the discount.

- On being pointed out by Audit, SBSTC rolled back (April 2017) this inadmissible discount on route sales of tickets from 1 May 2017. Thereafter, the BoD also decided (June 2017) that no discount would be allowed on sales of tickets, in future.

SBSTC replied (September 2017) that to compete with private transport operators offering lower fares, it was compelled to offer discounts. The conductors of

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280 Notification 3524-WT/3M-47/2008 of 26 August 2014 and Notification 3903-WT/3M-47/ 2008 of 16 September 2014.

281 Calcutta State Transport Corporation, South Bengal State Transport Corporation, North Bengal State Transport Corporation, West Bengal Transport Corporation Limited and West Bengal Surface Transport Corporation Limited.

282 Durgapur Division: Durgapur, Bankura, Kalna, Purulia, Burdwan, Asansol and Arambag; Belghoria Division: Digha, Midnapore, Belghoria, Haldia and Howrah.

283 Including time and date of issuing ticket(s) to passenger(s).

284 Sale of tickets by conductors on the buses during their journeys.

SBSTC faced problems in refunding the balance amount during collection of actual fares. Therefore, even after introduction of ETVMs, discounts were maintained. However, discounts were already discontinued from 1 May 2017, following the Managing Director's order dated 24 April 2017.

The reply is not tenable as the directions of Government with regard to bus fares were applicable throughout the State. Further, if shortage of coins was a reason for discounts, SBSTC had not sought approval from Government or BoD before introduction of the discount.

Thus, SBSTC had contravened the mandate and directions of GoWB on the fares. It had allowed inadmissible discount on route sale of tickets resulting in a loss of revenue of ₹ 80.26 lakh. The Government may review the matter and take necessary action to fix responsibility for this loss.

The matter was brought to the notice of Government (June 2017); reply is awaited (January 2018).

(NAMEETA PRASAD)
Accountant General
(Economic & Revenue Sector Audit)
West Bengal

KOLKATA
The 07 May 2018

Countersigned

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

NEW DELHI
The May 2018

ANNEXURES

Annexure 1

(Referred to in paragraphs 1.8 and 1.8.1)

Statement showing investments made by State Government in working PSUs whose accounts are in arrears

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
A.	**Working Government Companies**							
1	West Bengal State Minor Irrigation Corporation Limited	2011-12	11.65	2012-13	0.00	0.00	43.73	43.73
				2013-14	0.00	0.00	46.95	46.95
				2014-15	0.00	0.00	41.33	41.33
				2015-16	0.00	0.00	42.63	42.63
				2016-17	0.00	0.00	32.84	32.84
2	West Bengal Fisheries Corporation Limited	2015-16	2.00	2016-17	0.00	0.00	6.55	6.55
3	The State Fisheries Development Corporation Limited	2015-16	2.70	2016-17	0.00	0.00	21.52	21.52
4	West Bengal Forest Development Corporation Limited	2015-16	6.23	2016-17	0.00	0.00	0.00	0.00
5	West Bengal Wasteland Development Corporation Limited	2015-16	0.34	2016-17	0.00	0.00	0.00	0.00

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
6	West Bengal State Food Processing and Horticulture Development Corporation Limited	2013-14	0.97	2014-15	0.00	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00	0.00
7	West Bengal State Seed Development Corporation Limited	2014-15	2.50	2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00	0.00
8	Paschimbanga Agri marketing Corporation Limited	2014-15	1.75	2015-16	2.25	0.00	0.74	2.99
				2016-17	0.25	27.00	0.50	27.75
9	West Bengal Industrial Development Corporation Limited	2015-16	435.93	2016-17	0.00	0.00	0.00	0.00
10	West Bengal Film Development Corporation Limited	2012-13	5.20	2013-14	0.00	2.40	0.00	2.40
				2014-15	0.00	4.25	0.00	4.25
				2015-16	0.00	2.93	0.00	2.93
				2016-17	Information not submitted			

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
11	The West Bengal Small Industries Development Corporation Limited	2015-16	88.12	2016-17	2.00	0.00	5.39	7.39
12	Mackintosh Burn Limited	2015-16	0.31	2016-17	Information not submitted			
13	West Bengal Pharmaceutical and Phytochemical Development Corporation Limited	2015-16	24.00	2016-17	0.00	1.57	0.00	1.57
14	West Bengal Transport Infrastructure Development Corporation Limited	2015-16	3.10	2016-17	0.00	0.00	0.00	0.00
15	Westinghouse Saxby Farmer Limited	2015-16	7.74	2016-17	0.00	3.63	0.00	3.63
16	National Iron and Steel Company (1984) Limited	2015-16	12.00	2016-17	0.00	3.30	0.00	3.30
17	Neo Pipes and Tubes Company Limited	2015-16	2.20	2016-17	0.00	2.42	0.00	2.42

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
18	Greater Calcutta Gas Supply Corporation Limited	2015-16	41.15	2016-17	0.00	3.47	0.00	3.47
19	Eastern Distilleries and Chemicals Limited	2012-13	0.20	2013-14	0.00	0.00	0.00	0.00
				2014-15	0.00	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00	0.00
				2016-17	Information not submitted			
20	West Bengal Agro Industries Corporation Limited	2015-16	8.41	2016-17	0.00	0.00	0.40	0.40
21	West Bengal Electronics Industry Development Corporation Limited (WBEIDC Limited)	2015-16	228.57	2016-17	6.00	5.00	0.00	11.00
22	Bengal Birbhum Coalfields Limited	2015-16	0.10	2016-17	0.00	0.00	0.00	0.00
23	Biswa Bangla Marketing Corporation Limited	2014-15	0.01	2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	0.00	1.81	1.81

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
24	West Bengal Trade Promotion Organisation	2015-16	0.60	2016-17	0.00	0.00	100.40	100.40
25	The Electro Medical and Allied Industries Limited	2015-16	16.40	2016-17	0.00	0.00	0.00	0.00
26	West Bengal Surface Transport Corporation Limited	2013-14	1.01	2014-15	0.00	27.50	2.00	29.50
				2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	35.00	7.54	42.54
27	West Bengal Essential Commodities Supply Corporation Limited	2012-13	1.08	2013-14	0.00	0.00	0.00	0.00
				2014-15	0.00	0.00	0.00	0.00
				2015-16	0.00	300.00	0.00	300.00
				2016-17	0.00	0.00	0.00	0.00
28	West Bengal Tourism Development Corporation Limited	2013-14	10.00	2014-15	0.00	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	0.00	41.93	41.93

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
29	West Bengal Swarojgar Corporation Limited	2015-16	130.00	2016-17	0.00	0.00	0.95	0.95
30	Basumati Corporation Limited	2015-16	0.10	2016-17	0.00	4.56	0.00	4.56
31	West Bengal Text Book Corporation Limited	2015-16	0.10	2016-17	0.00	0.00	0.00	0.00
32	Saraswaty Press Limited	2015-16	5.50	2016-17	0.00	0.00	0.00	0.00
33	Silpabarta Printing Press Limited	2015-16	0.89	2016-17	0.00	0.00	0.24	0.24
34	West Bengal Biotech Development Corporation Limited	The PSU was incorporated in 2008-09. The audit of PSU was entrusted in 2016-17. However, no information or accounts were submitted by the PSU. Therefore, the accounts for 2008-09 to 2016-17, *i.e* nine years were considered as arrear accounts						
Total- A (All sector-wise Government Companies)					**10.50**	**423.03**	**397.45**	**830.98**

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
B. Working Statutory Corporations								
35	West Bengal State Warehousing Corporation	2013-14	7.61	2014-15	0.00	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00	0.00
36	West Bengal Minorities Development and Finance Corporation	2014-15	150.00	2015-16	15.00	0.00	1.69	16.69
				2016-17	9.00	0.00	1.82	10.82
37	West Bengal Industrial Infrastructure Development Corporation	2015-16	0.00	2016-17	0.00	0.00	38.08	38.08

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears (year-wise)				
				Year	Equity	Loans	Grants and Subsidy	Total
(1)	(2)	(3)	(4)	(5a)	(5b)	(5c)	(5d)	(5e)
38	North Bengal State Transport Corporation	2011-12	10.70	2012-13	0.00	8.51	100.45	108.96
				2013-14	0.00	0.23	232.71	232.94
				2014-15	0.00	24.54	134.25	158.79
				2015-16	0.00	27.40	153.87	181.27
				2016-17	Information not submitted			
39	Calcutta State Transport Corporation	2015-16	9.93	2016-17	0.00	39.83	332.42	372.25
40	South Bengal State Transport Corporation	2015-16	11.01	2016-17	0.00	38.96	66.16	105.12
Total - B (All sector-wise Statutory Corporations)					**24.00**	**139.47**	**1,061.45**	**1,224.92**
Grant Total (A + B)					**34.50**	**562.50**	**1,458.90**	**2,055.90**

Annexure 2

(Referred to in Paragraph 1.9)

Status of placement of Separate Audit Reports (SARs) in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Calcutta State Transport Corporation	2010-11	2011-12	28.12.16	Not furnished by the Government
			2012-13	Audit in progress	N.A
			2013-14		
			2014-15		
			2015-16		
2.	North Bengal State Transport Corporation	2008-09	2009-10	18.01.2016	Not furnished by the Government
			2010-11	Audit in progress	N.A
			2011-12		
3.	South Bengal State Transport Corporation	2013-14	2014-15	27.01.2017	Not furnished by the Government
			2015-16	01.09.2017	Not furnished by the Government
4.	West Bengal Backward Classes Development and Finance Corporation	2013-14	2014-15	27.09.2017	Not furnished by the Government
			2015-16	27.09.2017	
			2016-17	Audit in progress	N.A
5.	West Bengal Industrial Infrastructure Development Corporation	2012-13	2013-14	10.04.2015	Not furnished by the Government
			2014-15	Audit in progress	N.A
			2015-16		
6.	West Bengal Minorities Development and Finance Corporation	2013-14	2014-15	Audit in progress	N.A

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
7.	West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation	2015-16	2016-17	Audit in Prog-ress	N.A
8.	West Bengal State Warehousing Corporation	2013-14	Accounts not Submitted		
9.	West Bengal Electricity Regulatory Commission	2015-16	2016-17	Audit in Prog-ress	N.A
10.	West Bengal Financial Corporation	2013-14	2014-15	07.10.2015	Not furnished by the Government
			2015-16	16.11.2016	Not furnished by the Government
			2016-17	Audit in Prog-ress	N.A

N.A: Not Applicable

Annexure 3

(Referred to in paragraph 1.11)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised statements/ accounts

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A.	**Working Government Companies**												
AGRICULTURE AND ALLIED													
1	West Bengal Dairy and Poultry Development Corporation Limited	2016-17	2017-18	7.10	0.57	11.33	49.19	Nominal Loss	0.00	19.00	0.05	0.26	130
2	The West Bengal Livestock Development Corporation Limited	2016-17	2017-18	3.25	0.00	1.57	6.27	0.52	0.00	4.82	0.52	10.79	87
3	The State Fisheries Development Corporation Limited	2015-16	2016-17	2.70	2.37	1.07	13.72	(-) 0.58	(-) 0.11	19.56	(-) 0.58	0.00	425
4	West Bengal Agro Industries Corporation Limited	2015-16	2016-17	8.41	15.22	(-) 126.10	82.17	(-) 13.00	0.00	(-) 102.47	4.97	0.00	241

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
5	West Bengal Fisheries Corporation Limited	2015-16	2016-17	2.00	0.30	1.09	28.38	1.29	0.00	3.39	1.29	38.05	166
6	West Bengal Forest Development Corporation Limited	2015-16	2016-17	6.23	0.00	106.56	51.76	29.83	(-) 4.08	113.31	29.85	26.34	676
7	West Bengal Wasteland Development Corporation Limited	2015-16	2016-17	0.34	0.00	1.66	2.23	0.43	0.00	2.00	0.43	21.50	26
8	West Bengal State Seed Corporation Limited	2014-15	2015-16	2.50	0.00	69.26	168.02	12.00	0.00	72.32	14.38	19.88	164
9	Pachimbanga Agri Marketing Corporation Limited	2014-15	2016-17	1.75	0.00	0.11	0.00	0.12	0.00	1.86	0.12	6.45	6
10	West Bengal State Food Processing and Horticulture Development Corporation Limited	2013-14	2016-17	0.97	2.33	1.93	5.03	0.17	0.00	5.23	0.47	8.99	29

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
11	West Bengal State Minor Irrigation Corporation Limited	2011-12	2017-18	11.65	0.00	(-) 80.27	3.48	(-)13.17	0.00	(-)48.18	(-)13.17	0.00	349
12	West Bengal Biotech Development Corporation Limited	Accounts from 2008- 09 onwards were not submitted		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector-wise total				**46.90**	**20.79**	**(-)11.79**	**410.25**	**17.61**	**(-) 4.19**	**90.84**	**38.33**	**42.20**	**2,299**
FINANCING													
13	West Bengal Infrastructure Development Finance Corporation Limited	2016-17	2017-18	185.30	1,001.11	778.39	300.28	11.83	0.00	1,964.80	273.71	13.93	40
14	Webel Venture Capital Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	0.05	0.00	1.87	0.09	0.23	0.00	1.92	0.23	11.98	2
15	West Bengal Handicrafts Development Corporation Limited	2016-17	2017-18	34.60	5.70	(-)22.44	82.97	3.39	0.00	17.86	3.59	20.10	72
16	West Bengal Women Development Undertaking	2016-17	2017-18	0.10	0.00	1.86	0.95	0.31	0.00	1.96	0.31	15.82	14

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
17	West Bengal Industrial Development Corporation Limited (WBIDC Limited)	2015-16	2016-17	435.93	107.41	101.51	6.17	27.18	0.00	1,118.36	28.43	2.54	124
18	West Bengal Film Development Corporation Limited	2012-13	2013-14	5.20	32.63	(-)73.45	0.01	(-)5.83	0.00	(-)6.41	(-)2.54	0.00	27
Sector-wise total				**661.18**	**1,146.85**	**787.74**	**390.47**	**37.11**	**0.00**	**3,098.49**	**303.73**	**0.00**	**279**
INFRASTRUCTURE													
19	West Bengal Housing Infrastructure Development Corporation Limited (WBHIDCO Limited)	2016-17	2017-18	199.65	0.00	115.07	467.68	11.94	0.00	324.51	11.94	3.68	213
20	West Bengal Police Housing and Infrastructure Development Corporation Limited	2016-17	2017-18	10.40	0.00	11.42	117.12	5.00	0.00	22.51	5.00	22.21	65

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
21	New Town Telecom Infrastructure Development Company Limited (subsidiary of WBHIDCO Limited)	2016-17	2017-18	1.05	4.25	12.28	7.07	4.26	0.00	18.53	4.62	24.93	7
22	Sundarban Infrastructure Development Corporation Limited	2016-17	2017-18	1.00	0.00	14.26	0.07	1.91	0.00	15.26	1.91	12.52	17
23	West Bengal Highway Development Corporation Limited	2016-17	2017-18	818.00	50.00	27.62	0.00	(-)1.68	0.00	895.62	(-)0.76	0.00	27
24	West Bengal Transport Infrastructure Development Corporation Limited	2015-16	2016-17	3.10	52.84	(-) 3.77	25.50	(-)0.42	0.00	66.12	5.73	8.67	27
25	The West Bengal Small Industries Development Corporation Limited (WBSIDC Limited)	2015-16	2017-18	88.12	0.00	(-)5.12	101.24	12.50	0.00	200.86	14.06	7.00	146

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
26	West Bengal Electronics Industry Development Corporation Limited (WBEIDC Limited)	2015-16	2016-17	228.57	25.15	(-)60.19	89.59	8.02	0.00	193.53	10.67	5.51	135
27	Mackintosh Burn Limited	2015-16	2017-18	0.31	1.60	176.70	637.04	19.66	0.00	178.61	24.78	13.87	565
	Sector-wise total			**1,350.20**	**133.84**	**288.27**	**1,445.31**	**61.19**	**0.00**	**1,915.55**	**77.95**	**0.00**	**1,202**
MANUFACTURING													
28	Britannia Engineering Limited	2016-17	2017-18	11.29	36.54	(-)63.19	34.67	(-)12.10	0.00	20.04	(-)7.00	0.00	356
29	Gluconate Health Limited	2016-17	2017-18	51.26	15.56	(-)25.53	71.02	12.68	0.00	40.17	14.92	37.14	177
30	Durgapur Chemicals Limited	2016-17	2017-18	192.30	3.00	(-)205.31	79.38	(-)26.75	0.00	(-)3.06	(-)19.64	0.00	235
31	West Bengal Mineral Development and Trading Corporation Limited	2016-17	2017-18	4.43	61.05	(-)72.42	52.62	0.95	0.00	(-)1.94	9.06	0.00	251
32	WEBFIL Limited	2016-17	2017-18	10.58	3.05	(-)8.12	33.43	0.38	(-)0.06	5.51	1.76	31.94	142

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
33	The Shalimar Works (1980) Limited	2016-17	2017-18	1.25	124.28	(-)309.67	17.98	(-)30.56	0.00	(-)183.99	(-)12.42	0.00	167
34	Mayurakshi Cotton Mills (1990) Limited	2016-17	2017-18	10.75	37.22	(-)68.61	2.67	(-)3.76	0.00	(-)20.64	(-)2.44	0.00	163
35	Neo Pipes and Tubes Company Limited	2015-16	2016-17	2.20	11.83	(-)125.83	0.00	(-)9.36	0.00	(-)111.80	(-)3.49	0.00	54
36	National Iron and Steel Company (1984) Limited	2015-16	2016-17	12.00	107.39	(-)331.70	5.78	(-)15.40	0.00	(-)149.24	0.10	24.32	52
37	West Bengal Pharmaceutical and Phytochemical Development Corporation Limited	2015-16	2016-17	24.00	7.05	(-)25.65	4.49	(-)2.85	(-)0.14	5.50	(-)1.87	0.00	56
38	Greater Calcutta Gas Supply Corporation Limited	2015-16	2016-17	41.15	159.48	(-)359.93	22.09	(-)14.98	0.00	(-)159.30	5.48	0.00	237
39	The Electro Medical and Allied Industries Limited	2015-16	2017-18	16.40	35.15	(-)88.50	7.93	(-)8.43	0.00	(-)36.99	(-)3.75	0.00	35

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
40	Westinghouse Saxby Farmer Limited	2015-16	2016-17	7.74	57.51	(-)66.61	118.49	(-)7.47	0.00	(-)1.32	0.01	0.00	349
41	Eastern Distilleries and Chemicals Limited	2012-13	2015-16	0.20	0.00	(-)5.33	41.75	(-)0.20	0.00	(-)5.08	0.68	0.00	101
	Sector-wise total			**385.55**	**659.11**	**(-)1,756.40**	**492.30**	**(-)117.85**	**(-)0.20**	**(-)602.14**	**(-)18.60**	**0.00**	**2,375**
POWER													
42	The Durgapur Projects Limited	2016-17	2017-18	1,301.00	2,727.35	(-)2,394.88	1,010.20	(-)536.12	(-) 1.30	1,726.14	(-)196.12	0.00	2,917
43	The West Bengal Power Development Corporation Limited	2016-17	2017-18	6,198.65	6,387.97	1,251.73	8,718.32	107.85	0.00	14,734.96	945.30	6.42	4,470
44	New Town Electric Supply Company Limited (subsidiary of WBHIDCO Limited)	2016-17	2017-18	9.86	0.00	17.00	7.80	2.07	0.00	26.86	2.07	7.71	30
45	West Bengal State Electricity Distribution Company Limited	2016-17	2017-18	2,256.74	6,056.93	135.00	18,351.64	(-)25.29	0.00	8,448.15	1,693.61	20.05	14,171

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
46	West Bengal State Electricity Transmission Company Limited	2016-17	2017-18	1,105.52	2,815.29	2,467.48	1,258.92	371.17	0.00	6,388.29	609.73	9.54	2,390
47	West Bengal Green Energy Development Corporation Limited	2016-17	2017-18	4.99	13.05	(-)8.54	1.50	(-)1.78	0.00	9.50	(-)1.00	0.00	8
48	Bengal Birbhum Coalfields Limited	2015-16	2017-18	0.10	0.00	(-)1.06	0.00	(-)1.06	0.00	(-)0.96	(-)1.06	0.00	1
Sector-wise total				**11,066,18**	**18,344.07**	**1,466.73**	**29,348.38**	**(-)83.16**	**0.00**	**31,332.94**	**3,052.53**	**9.74**	**23,987**
SERVICE													
49	Webel Mediatronics Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	4.04	0.77	(-)11.57	14.38	0.24	0.00	(-)6.75	0.40	0.00	38
50	Webel Electronic Communication Systems Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	0.84	0.00	(-)9.12	8.57	(-)1.36	0.00	(-)8.29	(-)1.36	0.00	48
51	Webel Informatics Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	0.40	4.61	(-)2.36	52.22	0.72	0.00	2.65	0.72	27.17	26

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
52	Webel Technology Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	1.00	0.00	10.04	201.24	9.72	0.00	46.24	9.72	21.02	75
53	West Bengal Transport Corporation Limited {Formerly The Calcutta Tramways Company (1978) Limited}	2016-17	2017-18	20.40	209.57	(-)1,656.24	52.98	(-)25.77	0.00	(-)1,426.27	24.04	0.00	5,324
54	West Bengal Medical Services Corporation Limited	2016-17	2017-18	10.00	0.00	63.94	32.39	25.11	0.00	73.94	25.17	34.04	148
55	West Bengal Trade Promotion Organisation (subsidiary of WBIDC Limited)	2015-16	2016-17	0.60	0.00	18.40	4.09	3.59	0.00	21.81	3.59	16.46	6
56	West Bengal Swarojgar Corporation Limited	2015-16	2016-17	130.00	0.00	35.82	0.00	4.49	0.21	165.82	4.49	2.71	12
57	Biswa Bangla Marketing Corporation Limited	2014-15	2017-18	0.01	0.00	(-) 0.03	0.00	(-) 0.03	0.00	(-)0.02	(-)0.03	0.00	17

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
58	West Bengal Surface Transport Corporation Limited	2013-14	2017-18	1.01	0.00	(-)313.93	28.35	(-) 54.08	0.00	239.29	(-)33.02	0.00	884
59	West Bengal Tourism Development Corporation Limited	2013-14	2016-17	1.00	0.70	(-)1.20	34.50	0.63	0.00	1.00	0.66	6.60	312
60	West Bengal Essential Commodities Supply Corporation Limited	2012-13	2016-17	1.08	311.29	(-)14.76	1,838.64	(-) 5.56	0.00	297.61	27.14	9.12	191
	Sector-wise total			**179.38**	**526.94**	**(-) 1,881.01**	**2,267.36**	**(-) 42.30**	**(-)1.09**	**(-) 583.97**	**61.52**	**0.00**	**7,081**
MISCELLANEOUS													
61	Basumati Corporation Limited	2015-16	2016-17	0.10	19.88	(-) 158.01	3.66	(-) 12.29	0.00	(-) 138.02	(-) 3.60	0.00	94
62	Silpabarta Printing Press Limited (subsidiary of WBSIDC Limited)	2015-16	2016-17	0.89	3.21	(-) 0.14	14.10	0.36	0.00	3.97	0.41	10.33	40
63	Saraswaty Press Limited	2015-16	2017-18	5.50	0.00	30.80	86.44	5.70	0.00	42.58	5.94	13.95	223

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
64	West Bengal Text Book Corporation (P) Limited (subsidiary of Saraswaty Press Limited)	2015-16	2016-17	0.10	0.00	33.66	308.06	16.34	0.00	36.50	16.59	49.14	0
Sector-wise total				**6.59**	**23.09**	**(-)93.69**	**412.26**	**10.11**	**0.00**	**(-)54.97**	**19.34**	**0.00**	**357**
Total- A (All sector wise Government Companies)				**13,695.98**	**20,854.69**	**(-)1,200.15**	**34,766.33**	**(-)117.29**	**(-)5.48**	**35,196.74**	**3,534.80**	**10.04**	**37,580**
B. Working Statutory Corporations													
AGRICULTURE AND ALLIED													
1	West Bengal State Warehousing Corporation	2013-14	2015-16	7.61	0.00	7.50	8.43	2.66	0.00	19.96	2.66	13.33	566
Sector-wise total				**7.61**	**0.00**	**7.50**	**8.43**	**2.66**	**0.00**	**19.96**	**2.66**	**13.33**	**566**
FINANCING													
2	West Bengal Financial Corporation	2016-17	2017-18	275.35	554.13	(-)122.42	78.88	3.67	0.00	761.73	59.67	7.83	121
3	West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation	2016-17	2017-18	243.42	90.29	163.17	0.55	47.64	0.00	464.20	48.70	10.49	115

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
4	West Bengal Backward Classes Development and Finance Corporation	2016-17	2017-18	39.11	3.24	(-)2.94	0.14	(-)0.17	0.00	39.29	0.33	0.00	4
5	West Bengal Minorities Development and Finance Corporation	2014-15	2016-17	150.00	523.96	156.73	27.42	49.35	0.00	746.30	58.00	7.77	90
	Sector-wise total			**707.88**	**1,171.62**	**194.54**	**106.99**	**100.49**	**0.00**	**2,011.52**	**166.70**	**0.00**	**330**
INFRASTRUCTURE													
6	West Bengal Industrial Infrastructure Development Corporation	2015-16	2016-17	0.00	96.34	80.51	25.02	6.30	0.00	252.59	9.67	3.83	123
	Sector-wise total			**0.00**	**96.34**	**80.51**	**25.02**	**6.30**	**0.00**	**252.59**	**9.67**	**3.83**	**123**
SERVICE													
7	South Bengal State Transport Corporation	2015-16	2017-18	11.01	235.72	(-) 554.32	108.59	(-) 40.97	(-) 4.58	(-) 279.01	(-) 12.99	0.00	2,054
8	Calcutta State Transport Corporation	2015-16	2017-18	9.92	443.96	(-) 1,388.20	97.72	(-) 144.78	0.00	(-) 725.93	(-) 138.81	0.00	4,671

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
9	North Bengal State Transport Corporation	2011-12	2016-17	10.70	263.77	(-) 507.24	158.83	3.70	0.00	(-) 220.68	3.98	0.00	2,053
Sector-wise total				**31.64**	**943.45**	**(-) 2,449.76**	**365.14**	**(-) 182.05**	**(-) 4.58**	**(-) 1,225.62**	**(-) 147.82**	**0.00**	**8,778**
Total - B (All sector-wise Statutory Corporations)				**747.12**	**2,211.41**	**(-) 2,167.21**	**505.58**	**(-) 72.60**	**(-) 4.58**	**1,058.45**	**31.21**	**2.95**	**9,797**
Grand Total (A+B)				**14,443.10**	**23,066.10**	**(-) 3,367.36**	**35,271.91**	**(-) 189.89**	**(-) 10.06**	**36,255.19**	**3,566.01**	**9.84**	**47,377**
C. Non-working Government Companies													
AGRICULTURE AND ALLIED													
1	West Bengal Tea Development Corporation Limited	2016-17	2017-18	47.22	107.73	(-) 374.38	0.00	(-) 0.67	0.00	(-) 219.43	(-) 0.67	0.00	17
Sector-wise total				**47.22**	**107.73**	**(-) 374.38**	**0.00**	**(-) 0.67**	**0.00**	**(-) 219.43**	**(-) 0.67**	**0.00**	**17**
FINANCING													
2	West Bengal Handloom and Powerloom Development Corporation Limited	2012-13	2016-17	46.77	8.36	(-) 56.27	0.00	(-) 0.17	(-) 0.41	0.65	(-) 0.08	0.00	9
Sector-wise total				**46.77**	**8.36**	**(-)56.27**	**0.00**	**(-) 0.17**	**(-) 0.41**	**0.65**	**(-) 0.08**	**0.00**	**9**

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
MANUFACTURING													
3	West Bengal Sugar Industries Development Corporation Limited	2016-17	2017-18	15.24	47.01	(-) 182.85	0.00	(-) 6.07	0.00	(-) 119.35	0.22	0.00	5
4	Lily Products Limited	2016-17	2017-18	0.01	59.38	(-) 232.77	0.00	(-) 13.26	0.00	(-) 161.37	(-) 2.63	0.00	74
5	Webel Electro-Optics Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	3.37	3.80	(-) 6.13	0.00	(-) 4.26	0.00	1.04	(-) 4.26	0.00	12
6	Webel Consumer Electronics Limited (subsidiary of WBEIDC Limited)	2016-17	2017-18	8.02	58.64	(-) 69.47	0.00	(-) 1.80	0.00	(-) 2.81	(-) 1.80	0.00	70
7	The West Dinajpur Spinning Mills Limited	2015-16	2016-17	12.75	128.29	(-) 288.90	0.00	(-) 31.66	0.00	(-) 147.71	(-) 14.77	0.00	446
8	Pulver Ash Projects Limited (subsidiary of WBSIDC Limited)	2015-16	2017-18	3.31	13.00	(-) 15.26	0.00	(-) 0.06	0.00	1.06	(-) 0.06	0.00	1

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
9	West Bengal Industrial Land Holding Private Limited (subsidiary of WBIDC Ltd)	2015-16	2016-17	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0
10	The Kalyani Spinning Mills Limited	2014-15	2016-17	14.63	322.48	(-) 747.48	0.09	(-) 69.40	0.00	(-) 408.37	(-)410.37	0.00	954
11	The Infusions (India) Limited	2013-14	2015-16	8.00	6.22	(-) 19.11	0.00	(-) 2.32	0.00	(-) 4.89	(-) 1.36	0.00	39
12	The West Bengal Projects Limited (subsidiary of WBSIDC Limited)	2012-13	2016-17	1.89	0.10	(-) 3.17	0.00	(-) 0.08	0.27	(-) 1.18	(-) 0.07	0.00	3
13	West Bengal Plywood and Allied Products Limited	2011-12	2013-14	0.09	52.77	(-) 53.39	0.00	(-) 0.10	0.00	(-) 0.51	(-) 0.10	0.00	0
14	The West Bengal State Leather Industries Development Corporation Limited	2008-09	2013-14	3.95	2.34	(-) 21.15	0.00	(-) 0.18	0.00	(-) 15.07	0.11	0.00	3

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
15	The Carter Pooler Engineering Company Limited	2007-08	2008-09	0.95	20.69	(-)49.76	0.00	(-) 3.08	0.00	(-) 26.45	(-) 0.08	0.00	0
16	West Bengal Ceramic Development Corporation Limited	2006-07	2008-09	2.93	26.00	(-) 64.31	0.00	(-) 4.37	0.00	(-) 35.60	(-) 0.39	0.00	2
17	Krishna Silicates and Glass (1987) Limited	2005-06	2008-09	0.00	52.92	(-) 91.19	0.00	(-) 7.28	0.00	(-) 9.17	(-) 0.65	0.00	0
Sector-wise total				**75.15**	**793.64**	**(-) 1,844.94**	**0.09**	**(-) 143.92**	**0.27**	**(-) 930.37**	**(-) 436.21**	**0.00**	**1,609**
POWER													
18	DPL Coke Oven Limited	2016-17	2017-18	0.05	0.00	(-) 0.14	0.00	0.00	0.00	(-) 0.09	0.00	0.00	0
Sector-wise total				**0.05**	**0.00**	**(-) 0.14**	**0.00**	**0.00**	**0.00**	**(-) 0.09**	**0.00**	**0.00**	**0**
Total C (All sector-wise non-working Government Companies)				**169.19**	**909.73**	**(-) 2,275.73**	**0.09**	**(-) 144.76**	**(-) 0.14**	**(-) 1,149.24**	**(-) 436.96**	**0.00**	**1,635**

Sl. No.	Sector/ Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+)/ (-)Loss	Turnover	Net Profit (+) / Loss(-)[&]	Net impact of Audit Comments[#]	Capital Employed[@]	Return on capital employed[$]	Percentage of return on capital employed	Manpower (No. of employees as on 31.03.2017)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
D. Non-working Statutory Corporation													
SERVICE													
1	Great Eastern Hotel Authority	2015-16	2016-17	0.00	16.34	(-) 37.16	0.00	0.01	0.00	(-) 20.74	0.04	0.00	3
	Sector-wise total			**0.00**	**16.34**	**(-) 37.16**	**0.00**	**0.01**	**0.00**	**(-) 20.74**	**0.04**	**0.00**	**3**
	Total D (All sector-wise non-working Statutory Corporation)			**0.00**	**16.34**	**(-) 37.16**	**0.00**	**0.01**	**0.00**	**(-) 20.74**	**0.04**	**0.00**	**3**
	Grand total(C+D)			**169.19**	**926.07**	**(-) 2,312.89**	**0.09**	**(-) 144.75**	**(-) 0.14**	**(-) 1,169.98**	**(-) 436.92**	**0.00**	**1,638**
	Grand total(A+B+C+D)			**14,612.29**	**23,992.17**	**(-) 5,680.25**	**35,272.00**	**(-) 334.64**	**(-) 10.20**	**35,085.21**	**3,129.09**	**8.92**	**49,015**

[&] Net profit/Loss after tax include adjustment for prior period income/ expenses.

[#] Net impact of audit comments is calculated and denoted by (+) increase in profit/ decrease in losses and (-) decrease in profit/ increase in losses. It comprised of the net impact of comments of Statutory Auditors and CAG.

[@] Capital Employed represents Shareholders' Funds *plus* Long Term Borrowings except in case of finance sector corporations where capital employed is worked out as a mean of aggregate of the opening and closing balances of shareholders' fund *plus* long-term borrowings

[$] Return on Capital Employed has been worked out by adding net profit/ loss and interest charged to profit and loss account.

Annexure 4

(Referred to in paragraph 1.15.3)

Compliance to COPU Reports

Name of the Department/ Corporation/ Company/ Board	Year of Audit Report (Commercial/ PSUs)	Para No.	No. of COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of Presentation of Report to the Legislative Assembly	Due date of submission of ATNs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Industry, Commerce & Enterprises							
West Bengal Industrial Development Corporation Limited	2008-09	4.12	130	1	1	29 March 2012	29 June 2012
West Bengal Industrial Infrastructure Development Corporation	2012-13	4.8	159	2	2	22 September 2015	22 December 2015
West Bengal Mineral Development and Trading Corporation Limited	*Suo motu*		161	5	5	26 February 2016	26 May 2016
Haldia Petrochemicals Limited[1]							
West Bengal Pharmaceutical and Phytochemical Development Corporation Limited							
Saraswaty Press Limited							
Durgapur Chemicals Limited							
National Iron and Steel Company Limited							
Neo Pipes and Tubes Company Limited							
Lilly Products Limited							

[1] Haldia Petrochemicals Limited is presently a non-government company.

Name of the Department/ Corporation/ Company/ Board	Year of Audit Report (Commercial/ PSUs)	Para No.	No. of COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of Presentation of Report to the Legislative Assembly	Due date of submission of ATNs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance							
West Bengal Infrastructure Development Finance Corporation Limited	2007-08	2.2	153	2	2	2 March 2015	2 June 2015
	2008-09	4.17	132	3	3	29 March 2012	29 June 2012
	2009-10	3.9	148	3	3	27 August 2013	27 November 2013
Tourism							
West Bengal Tourism Development Corporation Limited	2005-06	4.17	93	3	3	17 July 2008	17 October 2008
	2003-04	4.13	97	2	2	2 December 2008	2 March 2009
	2011-12	2.2	163	5	5	8 December 2016	8 March 2017
Transport							
West Bengal Surface Transport Corporation Limited	2006-07	4.8	117	1	1	22 July 2010	22 October 2010
	2012-13	4.7	160	2	2	22 September 2015	22 December 2015
	2013-14	3.7	169	3	3	26 May 2017	26 August 2017
	2013-14	3.8	171	2	2	10 August 2017	10 November 2017
South Bengal State Transport Corporation	2012-13	4.7	160	-	-	22 September 2015	22 December 2015
	2013-14	3.7	169	-	-	26 May 2017	26 August 2017
	2013-14	3.9	172	1	1	10 August 2017	10 November 2017
Calcutta State Transport Corporation	2011-12	3.14	152	3	3	18 November 2014	18 February 2015
	2013-14	3.7	169	-	-	26 May 2017	26 August 2017
	2013-14	3.8	171	-	-	10 August 2017	10 November 2017
North Bengal State Transport Corporation	2013-14	3.7	169	-	-	26 May 2017	26 August 2017
West Bengal Transport Corporation Limited *(formerly The Calcutta Tramways Company (1978) Limited)*	2013-14	3.7	169	-	-	26 May 2017	26 August 2017

Name of the Department/ Corporation/ Company/ Board	Year of Audit Report (Commercial/ PSUs)	Para No.	No. of COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of Presentation of Report to the Legislative Assembly	Due date of submission of ATNs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
West Bengal Transport Infrastructure Development Corporation Limited	2012-13	4.7	160	-	-	22 September 2015	22 December 2015
The Shalimar Works (1980) Limited	2010-11	3.7	147	3	3	27 August 2013	27 November 2013
Power and Non-Conventional Energy Sources							
West Bengal Power Development Corporation Limited	2010-11	3.4	150	2	2	19 February 2014	19 May 2014
West Bengal State Electricity Distribution Company Limited	2014-15	3.2	168	1	1	26 May 2017	26 August 2017
	2014-15	3.3	170	1	1	10 August 2017	10 November 2017
West Bengal State Electricity Distribution Company Limited (West Bengal Rural Energy Development Corporation Limited – amalgamated in November 2011) West Bengal Green Energy Development Corporation Limited	*Suo motu*	*162*		1	1	26 February 2016	26 May 2016
Public Works							
Mackintosh Burn Limited	2012-13	4.8	159	-	-	22 September 2015	22 December 2015
	2013-14	3.5	167	3	3	8 March 2017	8 June 2017
Sundarban Affairs							
The Sundarban Infrastructure Development Corporation Limited	2013-14	3.3	165	1	1	8 December 2016	8 March 2017

Name of the Department/ Corporation/ Company/ Board	Year of Audit Report (Commercial/ PSUs)	Para No.	No. of COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of Presentation of Report to the Legislative Assembly	Due date of submission of ATNs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Health & Family Welfare							
The Gluconate Health Limited	*Suo motu*		161	-	-	26 February 2016	26 May 2016
Total			**22**	**50**	**50**		

Annexure 5

(Refer Paragraph No. 3.1.1)

Operational performance of STUs during 2016-17

Sl. No.	Particulars	STUs					
		CSTC	WBSTCL	WBTCL	SBSTC	NBSTC	Total
(i)	Average number of buses held	773	252	478	513	805	2,821
(ii)	Average number of buses put on road	484	150	239	470	675	2,018
(iii)	Percentage of fleet utilisation	62.61	59.52	50.00	91.62	83.85	71.53
(iv)	Gross kms operated (in lakh)	297.00	69.00	203.73	496.60	584.21	1,650.51
(v)	Dead kms covered (in lakh)	6.38	5.05	5.78	25.15	10.65	53.01
(vi)	Effective/ Revenue earning kms operated (in lakh)	290.62	63.95	197.95	471.45	573.56	1,597.50
(vii)	Occupancy ratio (*per cent*)	83.73	72.23	73.00	77.00	76.00	NA
(viii)	No. of routes at the end of the year a) Local b) Long Distance	120 120 NA	29 NA NA	95 NA NA	334 42 292	240 NA NA	818
(ix)	Average revenue earnings per bus per day (₹)	5,874.00	3,781.00	4,788.00	6,841.38	5,358.98	5,328.67
(x)	Fuel consumption (Average KmPL)	2.04	2.51	2.90	4.47	4.25	3.23
(xi)	Number of breakdowns (per 10,000 Km)	1.47	4.00	NA	0.184	0.48	NA
(xii)	Total number of staff	4,671	987	2,283	2,058	3,709	13,078
(xiii)	Staff Bus ratio {(xii)/(ii)}	9.65	6.58	9.55	4.38	5.49	6.48
(xiv)	Number of Drivers	1,652	313	NA	722	1,334	NA
(xv)	Number of Conductors	1,616	287	NA	691	1,163	NA

Sl. No.	Particulars	STUs					
		CSTC	WBSTCL	WBTCL	SBSTC	NBSTC	Total
(xvi)	Manpower Productivity (Km/ Employee/ Day)	17.05	17.75	23.76	62.76	42.37	33.47
(xvii)	Emission of CO_2 (Lakh Kg) X Emission factor (0.015161)*	4.50	1.05	3.09	7.53	8.86	25.03
(xviii)	CO2 emission per bus (Kg)	930.33	697.40	1,292.36	1,601.90	1,312.18	5,834.17

(**Source**: Figure compiled from the data received from the STUs)

* Road Transport Technical Paper-India GHG Programme 2015, Page-31

NA : Not available

Annexure 6

(Refer Paragraph No. 3.1.5.1)

Summary and age-wise analysis of fleet strength of buses of five STUs as of March 2017

	CSTC	WBSTCL	WBTCL	SBSTC	NBSTC	Total
Up to eight years						
Non-BS	Nil	Nil	Nil	Nil	31	31
BS-I	Nil	Nil	Nil	Nil	Nil	Nil
BS-II	Nil	Nil	9	48	48	105
BS-III	89	162	373	300	411	1,335
BS-IV	632	5	Nil	10	Nil	647
More than eight years but up to 15 years						
Non-BS	Nil	Nil	Nil	Nil	153	153
BS-I	Nil	Nil	Nil	Nil	Nil	Nil
BS-II	49	46	5	155	135	390
BS-III	3	39	91	Nil	Nil	133
BS-IV	Nil	Nil	Nil	Nil	Nil	Nil
More than 15 years						
Non-BS	Nil	Nil	Nil	Nil	13	13
BS-I	Nil	Nil	Nil	Nil	14	14
BS-II	Nil	Nil	Nil	Nil	Nil	Nil
BS-III	Nil	Nil	Nil	Nil	Nil	Nil
BS-IV	Nil	Nil	Nil	Nil	Nil	Nil
Category wise total buses of STUs						
Non-BS	Nil	Nil	Nil	Nil	197	197
BS-I	Nil	Nil	Nil	Nil	14	14
BS-II	49	46	14	203	183	495
BS-III	92	201	464	300	411	1,468
BS-IV	632	5	Nil	10	Nil	647
						2,821

(**Source:** Data compiled from replies of the STUs)

Annexure 7

(Refer Paragraph No. 3.1.5.2)

Statement of details of Smoke Test of Buses

STU	Depot	No. of buses requiring PUC	Smoke Test to be conducted	Smoke Emission Tests performed	Percentage of Smoke Tests performed
WBTCL	Tollygunj	66	132	30	22.73
	Ghasbagan	66	122	38	31.15
Total		132	254	68	26.77
CSTC	Taratala	143	281	72	25.63
	Lake	104	203	65	32.02
	Paikpara	125	248	70	28.23
	Nilgunge	72	144	13	9.03
Total		444	876	220	25.11
SBSTC	Belghoria	47	89	Nil	Nil
	Haldia	35	68	68	100
	Arambag	24	45	Nil	Nil
	Durgapur	78	153	Nil	Nil
Total		184	355	68	19.15
NBSTC	Coochbehar	100	198	198	100
	Dinhata	24	44	44	100
	Siliguri	118	236	236	100
	Berhampore	45	85	85	100
	Suri	17	33	33	100
Total		304	596	596	100
WBSTCL	Howrah	85	170	Nil	Nil
Grand Total		**1,149**	**2,251**	**952**	**42.29**

(**Source**: Smoke Test Reports of STU buses)

Annexure 8

(Refer Paragraph No. 3.1.5.3)

Statement showing maintenance of buses by STUs

Particulars	WBTCL				SBSTC				NBSTC				CSTC			
	No. of vehicles	No. of times maintenance done	No. of maintenance done beyond schedule	Percentage of maintenance done beyond schedule	No. of vehicles	No. of maintenance done	No. of maintenance done beyond schedule	Percentage of maintenance done beyond schedule	No. of vehicles	No. of maintenance done	No. of maintenance done beyond schedule	Percentage of maintenance done beyond schedule	No. of vehicles	No. of maintenance done	No. of maintenance done beyond schedule	Percentage of maintenance done beyond schedule
Air filter (P)	48	NA	NA	NA	85	300	299	99.66	75	223	187	83.86	224	NA	NA	NA
Air filter (S)		NA	NA	NA		162	120	74.07		95	70	73.68		NA	NA	NA
Fuel filter		125	48	38.40		559	268	47.94		318	224	74.44		224	124	55
Engine oil and oil filter		132	51	38.64		579	250	43.18		288	184	63.89		224	93	42
Injectors		NA	NA	NA		61	42	68.85		11	11	100		NA	NA	NA
Fuel Injection Pump		NA	NA	NA		64	7	10.94		22	12	54.54		NA	NA	NA
Gear oil		NA	NA	NA		NA	NA	NA		NA	NA	NA		224	149	67
Differential Bearing oil		NA	NA	NA		NA	NA	NA		NA	NA	NA		224	149	67
Steering oil		NA	NA	NA		NA	NA	NA		NA	NA	NA		224	124	55

Annexure 9

(Refer Paragraph No. 3.1.7.2)

Status of implementations of recommendations of the Expert Committee appointed by the Government of West Bengal on the order (November 2015) of the Hon'ble National Green Tribunal as of March 2017

Sl. No.	Area of recommendation	Detail recommendation	Responsible/ concerned department	Status	Audit observations
A	**Augmentation of air monitoring network :**	(i) The WBPCB has already made the semi-automatic air monitoring stations functional with effect from 01.01.2016, which were in operation till 2011. These monitoring stations operate in such a way that every day the air quality of Kolkata is being monitored. However, the ambient air quality network of twenty four (24) stations (in Kolkata and Howrah) currently operated by the WBPCB needs further augmentation through installation of five (5) additional continuous air monitoring stations near Science City, Ballygunge Phanri and Sector-V in Kolkata and at Ramkrishna Mission University, Belur and Padmapukur Water Works in Howrah.	**WBPCB**	**A (i)** One continuous air quality monitoring station at Howrah is being installed. WBPCB in collaboration with the CPCB is in the process of installation of additional continuous stations at Jadavpur University, Rajarhat and Ramkrishna Mission University, Belur.	**A (i)** The augmentation work of air monitoring network by installation of additional continuous air monitoring stations near Science City, Ballygunge Phanri and Sector-V, Bidhannagar in Kolkata as recommended by the Expert Committee were not taken up. Moreover, the installation works of additional continuous air quality monitoring stations at Jadavpur University, Rajarhat and Ramkrishna Mission University and Belur as taken up jointly by WBPCB with the CPCB were not completed.
		(ii) Arrangement for continuous monitoring of $PM_{2.5}$ at the existing automatic air monitoring stations at Victoria Memorial and Rabindra Bharati University and also at the additional recommended stations.	**WBPCB**	**A (ii)** Existing three continuous air quality monitoring stations (Victoria Memorial, Rabindra Bharati University and Liluah) are being upgraded with $PM_{2.5}$ analyser.	**A (ii)** The up gradation work of additional five recommended stations were not taken up.

Sl. No.	Area of recommendation	Detail recommendation	Responsible/ concerned department	Status	Audit observations
		(iii) Since sources like road dust, construction activities, burning of municipal wastes and industrial wastes (including plastics), operation of DG sets and industrial emissions *etc.* are also contributing to the deterioration of air quality of these twin cities, the WBPCB should initiate a Source Apportionment Study to collect and generate data on contribution of various sources of pollution at important areas in Kolkata and Howrah in order to formulate strategy to combat air pollution. This study may be conducted by reputed national organisation who has expertise and experience in conducting such study.	**WBPCB**	**A (iii)** WBPCB has engaged (September 2016) the NEERI for source apportionment study of PM_{10} and $PM_{2.5}$ in twin city of Kolkata and Howrah. The duration of the study is two years.	**A (iii)** NEERI has started the work from February 2017. The state would formulate strategy to combat air pollution after receipt of the study report scheduled at February 2019. This implied that no action has yet been taken to combat air pollution.
		(iv) The WBPCB should integrate with the National Ambient Air Quality Index System being introduced by the Ministry of Environment and Forests and Climate Change, Government of India for major cities.	**WBPCB**	**A (iv)** Data from automatic ambient air-quality stations at Kolkata and Howrah have been integrated with the National Air Quality Index System.	
		(v) The WBPCB should explore the possibility of displaying air quality data in electronic display boards at some strategic locations in Kolkata and Howrah along with the website on regular basis.	**WBPCB**	**A (v)** Air quality information is being displayed near Paribesh Bhawan, Salt Lake, Kolkata.	**A (v)** Display of air quality data is not adequate for awareness among the people.
B	**Traffic management:**	(i) Phasing out/scrapping of commercial vehicles that are more than 15 years old as per the order of Hon'ble Calcutta High Court.	**STUs/ Vehicle Operators**	**B (i)** Not done	**B (i)** Not done.

Sl. No.	Area of recommendation	Detail recommendation	Responsible/ concerned department	Status	Audit observations
		(ii) Traffic re-engineering to remove congestion from densely populated/ most frequented road stretches.	**Police**	**B (ii)** Status not known.	
		(iii) Operationalisation of E-Rickshaws and E-Carts as the mode of transport for last mile connectivity.	**Transport Department**	**B (iii)** Not done.	**B (iii)** Not done.
		(iv) Strict enforcement of No Parking Rules and compounding of offences committed.	**Police**	**B (iv)** Status not known.	
		(v) Construction of multi-layered or underground car parking space.	**Urban Development Department**	**B (v)** Status not known.	
		(vi) KMC and HMC should insist on either underground or multitier parking arrangement within the premises while sanctioning building plans for Malls *etc*.	**Urban Development Department**	**B (vi)** Status not known.	
		(vii) Construction of pavements for all city streets to increase space for smooth traffic movement	**Urban Development Department**	**B (vii)** Status not known.	
		(viii) Provision of cycling and walk ways throughout the two cities.	**Urban Development Department**	**B (viii)** Status not known.	
C	**Streamlining efficiency of Auto Emission Testing Centres:**	(i) Number and operational aspects of the AETCs need to be relooked by the State Transport department for enhancement/betterment.	**Transport Department**	**C (i)** Status not known.	
		(ii) Online networking of AETCs to centralized server for enforcing pollution norms.	**Transport Department**	**C (ii)** Not done.	**C (ii)** Not done.

Sl. No.	Area of recommendation	Detail recommenda-tion	Responsible/ concerned department	Status	Audit observations
		(iii) Following the order of the Hon'ble Tribunal dated 19 January 2016, the WBPCB has already conducted surprise raids in February 2016. Surprise inspection of the AETCs, jointly by the Transport Authorities and the WBPCB at least twice a year, to check the calibration of the emission testing equipment and proper functioning of the AETCs, should be continued. Strict penalties to be imposed on AETCs for violation under the relevant Acts and Rules by the authority.	**WBPCB**	**C (iii)** WBPCB replied (22nd August 2017) that for implementation of the order of the Hon'ble Tribunal State Board caused surprise inspection and arranged hearing of the AETCs which were found to operate improperly. During the period 2012-13 to 2016-17 total 26 numbers of such hearings were organised and necessary directions were issued.	**C (iii)** The number of surprised inspection was not commensurate with the total number of AETCs (883 as of March 2017) in the state.
D	**Other recommenda-tions:**	(i) Banning on burning of coal and wood in Kolkata and Howrah.	**Police/ WBPCB/ Urban Development Department**	**D (i)** Status not known.	
		(ii) Strict implementation of direction issued by Department of Environment, Govt. of West Bengal vide no. EN/3170/T-IV-7/001/2009 dated 10 December 2009 (Annexure-C) by the concerned Municipal Authorities (KMC and HMC) and all concerned Government Departments for controlling air pollution.	**Police/ WBPCB/ Urban Development Department**	**D (ii)** WBPCB replied (22nd August 2017) that it monitors the compliance of large construction projects only.	**D (ii)** Compliance of other projects was not monitored for controlling air pollution.

Sl. No.	Area of recommendation	Detail recommendation	Responsible/ concerned department	Status	Audit observations
		(iii) Complete banning of burning of solid waste including dry leaves in the city areas.	**Police/ WBPCB/ Urban Development Department**	**D (iii)** Status not known	
		(iv) Plantation of new leafy saplings in the available space in different parts of the twin cities to mitigate the level of air pollution	**Police/ WBPCB/ Urban Development Department**	**D (iv)** Status not known	
		(v) Replacement of open vats by compactors	**Urban Development Department**	**D (v)** Status not known	

(**Source:** Report of the Expert Committee dated February 2016)

Annexure 10

(Referred to in paragraphs 3.2.1)

Details of mines allotted/ operated by WBMDTCL during 2012-13 to 2016-17

Sl No.	Location of mine/ block (Name of District)	Name(s) of the Mineral(s)	Area (in acres)	Status as on 31 March 2017
A. Operative mines				
1	Pachami (Birbhum)	Black Stone	495.00	Mining lease renewed in August 2008. Mining undertaken in all five years till 2016 17.
2	Bara Panjania (Purulia)	Granite	3.00	Mining since July 2016 through quarry permits.
3	Malti (Purulia)	Fire clay	48.00	Mining lease executed May 2009. Mining ongoing since December 2016.
B. Non-operative mines				
1	Mirmi (Purulia)	Quartz and Feldspar	9.09	Mining lease renewed in August 2008. Mining ongoing since October 2009, suspended from April 2016.
2	Trans Damodar (Bankura)	Coal	937.37	Allotment of January 2005 cancelled from March 2015. In production from May 2012 to March 2015.
3	Beldih (Purulia)	Apatite	33.28	Mining lease renewed in May 2009. Operation discontinued from June 2011. Joint venture agreement in August 2014.
4	Mukdamnagar (Birbhum)	China clay and fire clay	72.18	Mine reserved for WBMDTCL in August 2016. Mining lease applied for and request for proposals invited from mine developers and operators.
5	Palsara-I (Purulia)	Black Stone	28.00	Mining lease executed in January 2005. Mining not started despite appointment of contractors in June 2012 and March 2015.
6	Palsara-II (Purulia)		20.50	Mining lease executed in February 2015. Mining not started despite appointment of contractors in June 2012 and December 2015.
7	Icchapur (Burdwan)		2,932.72	Allotment of August 2006 cancelled from September 2014.
8	Kulti (Burdwan)	Coal	1,895.69	Allotment of August 2006 cancelled from September 2014.
9	Sitarampur (Burdwan)		2,063.23	Allotment of December 2007 cancelled from September 2014
10	Jaganathpur-A (Burdwan)		2,555.07	Allotment of March 2008 cancelled from September 2014.
11	Jaganathpur-B (Burdwan)		2,130.05	Allotment of March 2008 cancelled from September 2014.
12	Gourangdih (Burdwan)		Not available	Allotted in March 2016. Consultant appointed for engagement of mine developer and operator in February 2017.

Annexure 11

(Referred to in paragraph 3.3.3.4)

Printing Press activity

Statement of performance and utilisation of printing machines during 2014-17

Sl.No	Particulars	Units	2014-15			2015-16			2016-17		
			Cat. A	Cat. B	Cat. C	Cat. A	Cat. B	Cat. C	Cat. A	Cat. B	Cat. C
1)	Total printing machines	In Nos.	4 to 6	10	14	6	10	14	6	10	15
2)	Rated printing capacity (adjusted for machine availability)	Lakh impressions *per* hour	1.33	2.28	3.40	1.50	2.28	3.40	1.50	2.28	3.70
3)	No. of working days in the year	Days	299	299	299	299	299	299	299	299	299
4)	Total No. of working hours *per annum* in three shifts of eight hours each (Sl. 3 × 8 hours × 3 shifts)	Hours	7,176	7,176	7,176	7,176	7,176	7,176	7,176	7,176	7,176
5)	Rated annual printing capacity (Sl. 2 × Sl. 4)	In lakh impressions	9,544.08	16,361.28	24,398.40	10,764.00	16,361.28	24,398.40	10,764.00	16,361.28	26,551.20
6)	Annual standard production capacity fixed	In lakh impressions	2,944.4	5,184.66	9,104.55	3,336.84	5,184.66	9,104.55	3,336.84	5,184.66	9,777.30
7)	Capacity fixed to rated capacity	*Per cent*	30.85	31.69	37.32	31.00	31.69	37.32	31.00	31.69	36.82

Sl.No	Particulars	Units	2014-15			2015-16			2016-17		
			Cat. A	Cat. B	Cat. C	Cat. A	Cat. B	Cat. C	Cat. A	Cat. B	Cat. C
8)	Actual production achieved	In lakh impressions	1,551.42	2,559.81	3,651.31	1,811.81	2,836.59	4,812.76	1,827.31	2,772.40	5,232.23
9)	a) Actual production to rated capacity	*Per cent*	16.26	15.65	14.97	16.83	17.34	19.73	16.97	16.94	19.71
	b) Actual production to standard fixed	*Per cent*	52.69	49.37	40.10	54.30	54.71	52.86	54.76	53.48	53.51
10)	Actual machine hours operated		18,715.65	22,017.70	25,290.70	19,032.85	19,473.50	29,884.35	19,287.05	21,066.10	29,906.25
11)	Available machine hours (Sl. 1 × Sl. 3 x 8 hours × 3 shifts) (adjusted for machine availability)		38,870.00	71,760.00	1,00,464.00	43,056.00	71,760.00	1,00,464.00	43,056.00	71,760.00	1,07,640.00
12)	Actual machine hours to available machine hours	*Per cent*	48.15	30.68	25.17	44.20	27.14	29.75	44.79	29.35	27.78

Source: Compiled from the data provided by SPL

Cat. A) Owned and operated by SPL
Cat. B) Owned by SPL but operated by vendors
Cat. C) Owned and operated by vendors

Annexure 12

(Refer Paragraph No. 3.6)

Additional expenditure on purchase of coal during 2013-14

Name of supplier	Gross calorific value (in Kcal *per* Kg)	Actual quantity purchased (in MMT)	Purchase rate inclusive of all taxes (₹*per* MT)	F.O.B. rate of imported coal (₹*per* MT)	Prevailing F.O.B. market rate (₹ *per* MT)	Difference in rates (₹*per* MT)	Additional expenditure (₹in crore)
1	**2**	**3**	**4**	**5**	**6**	**7 = 5-6**	**8 = 7×3**
Adani Enterprise Limited	5,400 – 5,600	0.322	5,439.00[2]	4,656.60[α]	4,423.38	233.22	7.51
WBMDTCL	6,101 – 6,400	0.243	5,159.94[3]	5,079.92[β]	4,423.38	656.54	15.95
Total							**23.46**

(**Source :** Table 7.5, Coal Directory of India 2013-14, Coal Controller's Organisation, Ministry of Coal, Government of India)

[α] For Gross Calorific Value of 5,500 Kcal *per* KG.

[β] For Gross Calorific Value of 6,000 Kcal *per* KG.

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[2] Rate is Free On Rail at Paradip and Haldia ports *i.e.* excluding cost of loading, unloading and railway freight with Free On Board rate at originating port of ₹ 4,656.60 *per* MT (excluding shipping freight, insurance, import duties, local taxes *etc*).

[3] Rate is Free On Rail from Durgapur Freight Terminal *i.e.* excluding cost of loading, unloading and railway freight to thermal power station.

Annexure 13

(Refer Paragraph No. 3.8)

Statement showing non-collection of Electricity Duty and short-collection of Electricity Charges

Year	Billing Months	Electriity Duty to be levied but exempted (in ₹)	Total units consumed	Under billing of electricity charges due to mis-classification (in ₹)	Total short Collection (in ₹)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**6 = 3 + 5**
2011-12	April 2011 – March 2012	26,13,605	13,48,419	41,14,914	67,28,519
2012-13	April 2012 – March 2013	50,82,694	38,50,640	50,18,251	1,01,00,945
2013-14	April 2013 – March 2014	66,05,623	50,72,280	34,49,150	1,00,54,773
2014-15	April 2014 – March 2015	59,94,653	45,07,320	28,23,853	88,18,506
2015-16	April 2015 – March 2016	45,08,293	32,36,740	7,96,843	53,05,136
2016-17	April 2016 – March 2017	30,51,633	16,35,460	11,11,407	41,63,040
(A) Short-collection		**2,78,56,501**	**1,96,50,859**	**1,73,14,418**	**4,51,70,919**
2015-16	July 2015 – March 2016	33,13,837	2,36,6736	5,70,638	38,84,483
2016-17	April 2016 – March 2017	30,51,633	16,35,460	11,11,407	41,63,040
(B) Recovery at the instance of audit		**63,65,470**	**40,02,196**	**16,82,045**	**80,47,523**
(C) Revenue loss (A – B)		**2,14,91,031**	**1,56,48,663**	**1,56,32,373**	**3,71,23,396**

Annexure 14

(Refer Paragraph No. 3.9)

Statement showing loss of revenue due to non-collection of toll charges on the Dumdum-Barrackpore-Kalyani Expressway

Category of Vehicles	Average Daily Traffic (ADT)			Traffic	Annual Toll Collection at toll charges collected by KMDA (in ₹)	Annual Toll Collection at enhanced toll charges fixed by WBHDCL (in ₹)
	Near Moragacha	Near Wireless More	Between Kalyani and Kampa			
Motorised Van	146	Nil	45	146	1,387.50	2,045.00
Car/ Jeep/ Van/ Taxi	4,494	4,144	3,244	4,494	42,692.50	62,915.00
Mini Bus	24	37	44	44	330.00	440.00
Full Bus	101	104	56	104	1,560.00	2,600.00
LCV	2,039	1,882	1,257	2,039	17,842.50	56,075.00
2 - Axle Rigid Truck	939	1,219	1,819	1,819	15,917.50	50,025.00
3 - Axle Rigid Truck	588	697	856	856	16,265.00	49,650.00
Multi Axle Rigid Truck	56	140	151	151	9,970.00	17,520.00
Truck - Trailer (Artic/ Semi-artic)	53	127	87	127	8,390.00	14,740.00
Tractor with Trailer	7	4	Nil	7	105.00	210.00
Tractor without Trailer	2	1	Nil	2	15.00	20.00
Total estimated daily collection					**1,14,475.00**	**2,56,240.00**
Total estimated annual Collection					4,17,83,375.00	9,35,27,600.00
Less: 5 *per cent* Operation Cost					20,89,168.75	46,76,380.00
Less: 10 *per cent* Retention by collection agency					41,78,337.50	93,52,760.00
Projected annual total revenue					**3,55,15,868.75**	**7,94,98,460.00**

Source : Traffic Data by MBL, Package-III DPR data prepared by RITES

(Amount in ₹)

	Different options for projected yearly revenue	For 365 days	For 315 days
1.	Projected estimated revenue based on old toll rates	3,55,15,868.75	3,06,50,681.25
2.	Projected estimated revenue based on enhanced toll rates	7,94,98,460.00	6,86,08,260.00
3.	Collection by WBHDCL from the private agency as per new contract (2016)	9,17,06,615.00	7,91,44,065.00
4.	Collection by KMDA in the last year (2015) as per contract of December 2012	2,97,00,000.00	2,55,50,136.99
	Loss of revenue to WBHDCL for non-collection of toll charges on Dumdum-Barrackpore-Kalyani Expressway{Least of (1) to (4) above}		**2,55,50,136.99**

Annexure 15

(Refer Paragraph No. 3.10)

Additional expenditure on procurement of buses by Calcutta State Transport Corporation from Tata Motors Limited due to non-compliance of contractual terms

(Amount in ₹)

Sl. No.	Particulars	Price of Non-AC Bus at eight *per cent* Excise Duty	Price of Non-AC Bus at 12 *per cent* Excise Duty
1	Basic price of Bus without any tax	50,27,000	50,27,000
2	Excise Duty on Sl. No. -1	4,02,160	6,03,240
3	Automobile Cess (0.125 *per cent* of Sl-1)	6,284	6,284
4	Education Cess (two *per cent* of Sl. Nos.-2+3)	8,169	12,190
5	Secondary Education and Higher Secondary Education Cess at one per cent on ED (Sl. No.-2+3)	4,084	6,095
6	Total of ED and Cess (Sl.- 2+3+4+5)	4,20,697	6,27,809
7	Total Price including ED and Cess (Sl.-1+6)	54,47,697	56,54,809
8	West Bengal VAT (14.50 *per cent* of Sl. 7)	7,89,916	8,19,947
9	Total Price to be paid by CSTC (Sl.-11+12)	62,37,613	64,74,757
10	Difference in price due to increase in Excise Duty	2,37,144	
11	Nos. of buses procured at enhanced rate of ED	81	
12	**Aggregate undue benefit**	**1,92,08,664**	

Annexure 16

(Refer Paragraph No. 3.11)

Inadmissible rebate and reduction allowed by Calcutta State Transport Corporation on license fees from two advertisement agencies

Particulars	Signpost India Private Limited		One AD Display Private Limited		Total	
	As per agreement (₹)	Actual (₹)	As per agreement (₹)	Actual (₹)	As per agreement (₹)	Actual (₹)
	At ₹ 47,000/- *per* bus *per* month	At ₹ 43,540/- *per* bus *per* month	At ₹ 47,000/- *per* bus *per* month			
No. of days of rebate admissible/ allowed	3,436	7,044	1,505	2,800	4,941	9,844
Gross contractual license fees	5,13,70,085	5,54,52,320	1,43,44,452	1,48,42,668	6,57,14,537	7,02,94,988
Less : Admissible deduction towards rebate on 'out of service' A.C. buses	57,73,921	1,02,53,971	23,26,842	43,16,068	81,00,763	1,45,70,039
Net license fees	**4,55,96,164**	**4,51,98,349**	**1,20,17,610**	**1,05,26,600**	**5,76,13,774**	**5,57,24,949**
Add: Service tax (12.36 to 15 *percent*)	61,57,303	54,59,252	16,16,853	20,73,743	77,74,156	75,32,995
License fees recoverable	**5,17,53,467**	**5,06,57,601**	**1,36,34,463**	**1,26,00,343**	**6,53,87,930**	**6,32,57,944**
Less : Reduction in display area (24 sq.ft.)	Nil	40,33,820	Nil	Nil	Nil	40,33,820
Net receivable	**5,17,53,467**	**4,66,23,781**	**1,36,34,463**	**1,26,00,343**	**6,53,87,930**	**5,92,24,124**

Excess Rebate:

Actual allowable rebate: ₹ 1,45,70,039

Rebate as per agreement: ₹ 81,00,763

Total ₹ 64,69,276

Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1	ACQ	Annual Contracted Quantity
2	AEL	Adani Enterprise Limited
3	AETC	Automobile Emission Testing Centre
4	AG	Accountant General
5	ATN	Action Taken Notes
6	BEL	Britania Engineering Limited
7	BG	Bank Guarantee
8	BHEL	Bharat Heavy Electricals Limited
9	BkTPS	Bakreshwar Thermal Power Station
10	BoD	Board of Directors
11	BTPS	Bandel Thermal Power Station
12	CAG	Comptroller and Auditor General
13	CBM	Coal Bed Methane
14	CF	Certificate of Fitness
15	COPU	Committee on Public Undertakings
16	CPCB	Central Pollution Control Board
17	CPPC	Contract, Purchase and Procurement Committee
18	CSTC	Calcutta State Transport Corporation
19	CVC	Central Vigilance Commission
20	DLLRO	District Land and Land Reforms Officer
21	DMF	District Mineral Foundation
22	DPL	Durgapur Project Limited
23	DTP	Desk Top Publishing
24	ECL	Eastern Coalfields Limited
25	EIA	Environment Impact Assessment
26	EMS	Environment Management System
27	ERP	Enterprise Resources Planning

Sl. No.	Abbreviation	Description
28	ERV	Exchange Rate Variation
29	ETVM	Electronic Ticket Vending Machine
30	FOB	Free on Board
31	FOR	Free on Rail
32	FSA	Fuel Supply Agreement
33	FSD	Food and Supply Department
34	GAAP	Generally Accepted Accounting Principles
35	GCDR	Granite (Conservation and Development) Rules
36	GCL	Godavari Commodities Limited
37	GoI	Government of India
38	GoWB	Government of West Bengal
39	GSDP	Gross State Domestic Product
40	HC	Hydro Carbon
41	HSD	High Speed Diesel
42	JnNURM	Jawarharlal Nehru National Urban Renewal Mission
43	KMDA	Kolkata Metropolitan Development Authority
44	KTPS	Kolaghat Thermal Power Station
45	LD	Liquidated Damage
46	LOA	Letter of Award
47	MBL	Mackintosh Burn Limited
48	MC	Mineral Concession
49	MCD	Mine Closure Deposit
50	MCDR	Mineral (Conservation and Development) Rules
51	MCP	Mine Closure Plan
52	MCR	Mineral Concession Rules
53	MECL	Mineral Exploration Corporation Limited
54	MLMTR	Mining Leases (Modification of Terms) Rules
55	MMDR	Mines and Minerals (Development and Regulation)

Sl. No.	Abbreviation	Description
56	MMT	Million Metric Tonnes
57	MoC	Ministry of Coal
58	MoP	Ministry of Power
59	MORTH	Ministry of Road Transport and Highways
60	NAAQS	National Ambient Air Quality Standards
61	NBDD	North Bengal Development Department
62	NBSTC	North Bengal State Transport Corporation
63	NGT	National Green Tribunal
64	NMET	National Mineral Exploration Trust
65	OADPL	One AD Display Private Limited
66	OEM	Original Equipment Manufacturer's Manual
67	OMC	Oil Marketing Companies
68	PAG	Principal Accountant General
69	PIL	Public Interest Litigation
70	PO	Purchase Order
71	PRW	Piece Rate Worker
72	PUC	Pollution Under Control
73	PVD	Public Vehicle Department
74	PWD	Department of Public Works
75	RA	Running Account
76	RCC	Raising Contractors for Coal
77	RMLEP	Renovation, Modernisation and Life Extension Programme
78	SAE	Sahakar Aakash Enterprise
79	SBSTC	South Bengal State Transport Corporation
80	SCR	Selective Catalytic Reduction
81	SD	Security Deposit
82	SgTPS	Sagardighi Thermal Power Station
83	SIPL	Signpost India Private Limited

Sl. No.	Abbreviation	Description
84	SoP	Standard Operating Procedure
85	SPL	Saraswati Press Limited
86	STPS	Santaldih Thermal Power Station
87	STUs	State Transport Undertakings
88	TDCMPL	Trans Damodar Coal Mining Project Limited
89	TML	Tata Motors Limited
90	TPS	Thermal Power Station
91	WBHB	West Bengal Housing Board
92	WBHDCL	West Bengal Highway Development Corporation Limited
93	WBMDTCL	West Bengal Mineral Development and Trading Corporation Limited
94	WBMMR	West Bengal Minor Minerals Rules
95	WBPCB	West Bengal Pollution Control Board
96	WBPDCL	West Bengal Power Development Corporation Limited
97	WBSEDCL	West Bengal State Electricity Distribution Company Limited
98	WBSETCL	West Bengal State Electricity Transmission Company Limited
99	WBSTCL	West Bengal Surface Transport Corporation Limited
100	WBTBCL	West Bengal Text Book Corporation Limited
101	WBTCL	West Bengal Transport Corporation Limited
102	WSFL	Westinghouse Saxby Farmer Limited