

Chapter 4

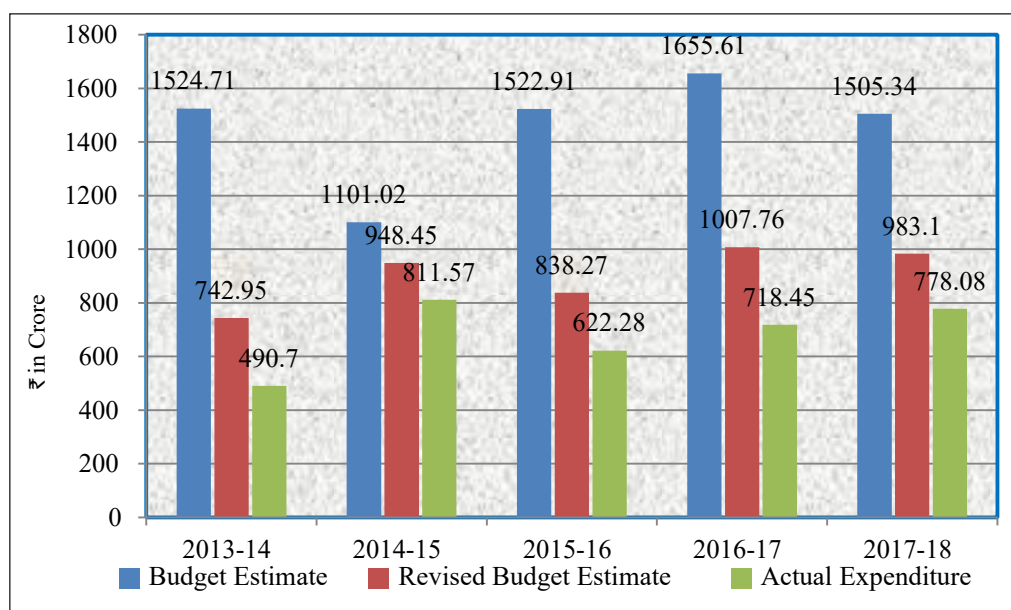
Financial Management

Chapter 4: Financial Management

4.1 Allotment and expenditure

During 2013-14 to 2017-18, I&WD received funds from State Plan, RIDF, and funds from GoI requiring corresponding State share for Flood Control. Details of fund allocation and expenditure incurred under Flood Control during this period are shown in the **Chart No. 4.1**.

Chart 4.1: Expenditure vis-à-vis Budget Estimates on Flood Control



(Source: Departmental data and Budget Publication)

During 2013-14 to 2017-18, total Budget Estimates of ₹ 7309.59 crore was made under Flood Control. This was subsequently reduced to ₹ 4520.53 crore in the Revised Estimates, which was 62 per cent of Budget Estimates. The actual expenditure each year during 2013-14 to 2017-18 was, however, less than the Revised Estimates of the respective year. Savings with respect to Budget Estimates as well as Revised Estimates ranged from 26 to 68 per cent and 14 to 34 per cent, respectively.

Rule 333 along with Appendix-20 of West Bengal Financial Rules (WBFR) stipulates that Executive Engineers are responsible for preparation of Budget Estimates (BE for the next year and RE for the current year), which are required to be sent to their Superintending Engineers (SE) by 15th September of each year. In the test checked Divisions, Audit noticed that the provision of sending yearly budget proposals was not complied with during 2013-14 to 2017-18 as the selected Divisions could not furnish any document of budget proposals made by them. As a result, yearly budgets were prepared by I&WD without taking any inputs from the divisional level, which resulted in savings. As per the Budget Publications, I&WD could not spend ₹ 1099.45 crore during 2013-14 to 2017-18, though provision of the fund was made through REs by the State Government.

It was observed that despite availability of funds, 2162 sq. km. of the total flood prone area of the State remained unprotected as per the Annual Flood Report 2017 of I&WD.

4.2 Financial Irregularities

4.2.1 Maintenance work with FMP fund

Para 4.3 of FMP Guidelines (2009) stipulates that Central Assistance will not be provided for regular maintenance of flood management works but only for restoration of damaged works for their completion before next monsoon season, provided such works were earlier constructed with Central Assistance and not covered under Calamity Relief Fund (CRF)/National Calamity Contingency Fund (NCCF).

While submitting fund release proposal to the MoWR in August 2017, I&WD stated that KKB project could not be completed within stipulated time due to lack of Central funding. It was, however, observed that urgent maintenance and repair works of three roads were executed by test checked Contai Irrigation Division under KKB project at a cost of ₹ 6.87 crore with the fund of FMP during the years 2013-17. Confirming the fact, the Division stated (June 2018) that the works were executed due to extreme demand and in public interest. Execution of maintenance works with Central fund was in deviation of the scheme guidelines and would reduce the availability of funds for completion of the project.

4.2.2 Non-deduction of Royalty

As per standard tender clause and work orders, royalty payment certificates in original from the concerned authority were to be submitted along with the bills by the contractors for the stone boulders/earth used. In the absence of the certificates, royalty amount should be deducted from the bills submitted by the contractors.

It was observed that royalty amounting to ₹ 69.05 lakh for 19314 m³ of boulder and 487794 m³ of carried earth was not deducted from the bills in respect of three contractors by Mayurakshi North Canal Division up to March 2018, though the contractors did not submit the requisite royalty certificates. Non-deduction of royalty resulted in loss to the exchequer and undue favour of ₹ 69.05 lakh to the agencies.

In reply, the Divisional Officer stated (July 2018) that the royalty would be deducted from the pending bills of the contractors.

4.2.3 Early refund of Security Deposit

Tender Clause 17 of the agreement stipulates that Security Deposit (SD) deducted from contractor's bill shall be refundable after expiry of three months from the actual date of completion of the work. It further stipulates that the contractor shall be responsible for rectifying defects in asphaltic work within a year from completion of work and the portion of the SD relating to asphaltic work shall be refundable after the expiry of that period.

It was, however, observed that Security Deposit amounting to ₹ 53.72 lakh was refunded in three works⁷⁸ in two test checked Divisions⁷⁹ even before completion of the works; Mahananda Embankment Division released the entire amount of Security Deposit of ₹ 54.90 lakh in respect of five tenders of two road works⁸⁰ having asphaltic works within six to eight months instead of one year of completion of the works in violation of the tender agreements, thereby extending undue favour to the contractors.

⁷⁸ (i) Protection to the eroding left bank of the River Hooghly from Babughat to Nathupal Ghat, (ii) Protection to the eroding left bank of the River Hooghly from Mangal Pandey Ghat to Latbagan, (iii) Protection to the eroding right bank of the River Mundeswari in Arambagh.

⁷⁹ Canals Division and Hooghly Irrigation Division.

⁸⁰ (i) Improvement of inspection path over Mahananda embankment from 0.00 to 36.00 kmp. (ii) Improvement of inspection path over Fulhara embankment 0.00 kmp to 18.00 kmp.
