

# Overview



## OVERVIEW

The Report contains four chapters:

**Chapter – I** deals with overview of Audit.

**Chapter – II** deals with functioning of Power and Non-Power sector SPSEs under the Govt. of West Bengal.

**Chapter – III** deals with Performance Audit.

**Chapter – IV** deals with Compliance Audit Observations.

A synopsis of the important findings contained in the Report is presented below:

### Chapter – I

#### Overview of Audit

#### Introduction

This Report covers matters arising out of audit of State Government Departments, Autonomous Bodies and State Public Sector Enterprises (SPSEs) under the audit jurisdiction of the Office of the Principal Accountant General (Audit-II) West Bengal. Out of 58 Departments, the Report covers functioning of 23 Departments, 43 Autonomous Bodies and 63 State PSEs.

*(Paragraph 1.1)*

### Chapter – II

#### Functioning of State Public Sector Enterprises (SPSEs)

As on 31 March 2020, there were 85 SPSEs (including 19 inactive SPSEs) in West Bengal. The working SPSEs registered an annual turnover of ₹ 55,642.34 crore. This turnover was equal to 4.23 *per cent* of Gross State Domestic Product (GSDP) for the year 2019-20 (₹ 13,14,529 crore). The SPSEs earned overall profit of ₹ 1,177.82 crore as per their latest financial accounts. As on 31 March 2020, the SPSEs had employed around 46,062 employees.

*(Paragraph 2.1)*

As per latest finalised accounts till September 2020, four Power Sector SPSEs earned total profit of ₹ 1,054.49 crore, while the remaining two SPSEs incurred losses of ₹ 166.60 crore. The top profit earning companies were West Bengal State Electricity Distribution Company Limited (₹ 567.37 crore) West Bengal State Electricity Transmission Company Limited (₹ 386.38 crore) and West Bengal Power Development Corporation Limited (₹ 99.61 crore), with maximum loss incurred by The Durgapur Projects Limited (₹ 166.58 crore).

As per latest finalised accounts of 59 working SPSEs till September 2020, 29 SPSEs earned aggregate profit of ₹ 1,332.69 crore and 30 SPSEs incurred aggregate losses of ₹ 778.10 crore. The remaining one<sup>1</sup> SPSE had not submitted its first accounts till September 2020. Besides West Bengal Industrial Development Corporation Limited (₹ 885.27 crore), the other top

<sup>1</sup> New Town Kolkata Green Smart City Corporation Limited has not submitted initial accounts till 30 September 2020.

profit earning company was West Bengal State Beverages Corporation Limited (₹ 80.30 crore). The major contributors to the losses, other than SBSTC, were West Bengal Transport Corporation Limited (₹ 188.92 crore) and West Bengal Surface Transport Corporation Limited (₹ 89.98 crore).

*(Paragraph 2.3)*

## **Chapter – III**

### **Performance Audit**

#### **Fuel Management in Thermal Power stations of West Bengal**

##### **West Bengal Power Development Corporation Limited and Durgapur Projects Limited**

###### **Introduction**

The West Bengal Power Development Corporation Limited (WBDCL) and The Durgapur Projects Limited (DPL), both Companies wholly owned by the Government of West Bengal (GoWB). WBDCL, a generating company as defined under section 2 (28) of the Electricity Act 2003, was incorporated in July 1985, while DPL was set-up in September 1961. Presently, WBDCL operates five Thermal Power Stations located at Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi with a total installed capacity of 4,745 MW<sup>2</sup>. Similarly, DPL operates one TPS at Durgapur with installed capacity of 550 MW.

*(Paragraph 3.1)*

###### **Procurement of Coal/ Oil**

During the period from 2015-16 to 2019-20, WBDCL paid incentive, amounting to ₹ 237.72 crore for excess procurement of coal ranging from 4.42 *per cent* to 45.67 *per cent* of FSA quantity. Similarly, during the period from 2017-18 to 2019-20, DPL paid incentive amounting to ₹ 3.86 crore for excess procurement of coal. Further, DPL paid compensation of ₹ 13.60 crore (2016-17 and 2017-18) for short lifting of coal.

*(Paragraph 3.7.1.2)*

Due to delay in placement of order by DPL for reasons not on record, the validity of the offer price had lapsed and HPCL increased the offer price. As a result, DPL incurred an extra expenditure of ₹ 2.02 crore for procurement of oil. Due to delay in dispatching order by oil companies, the price of LDO (at basic price) as per Letter of Order amounting to ₹ 717.62 crore was billed at ₹ 725.33 crore. As a result, WBDCL had to pay ₹ 7.71 crore in excess of ordered price due to delays in delivery by the oil companies.

*(Paragraph 3.7.2)*

###### **Ungraded Coal**

WBDCL had reviewed the grades of coal received and found it to be ungraded. Yet, it had made payment at the price of the declared grade. Since this coal was below the grade as mentioned in FSA, the payment should have been made at the rate of ₹ 1 per MT in line with the clause of FSA, *i.e.*, ₹ 0.06 crore.

<sup>2</sup> KTPS:- 1,260 MW (6x210 MW); BkTPS:- 1,050 MW (5x210 MW); STPS:- 500 MW (2x250 MW); BTPS:- 335 MW {(2x60 MW)+(1x215 MW)}; SgTPS:- 1600 MW {(2x300 MW)+(2x500 MW)}

However, WBPDCL made payments as per declared grade cost resulting in excess payment of ₹ 48.79 crore.

(Paragraph 3.8.3)

### **Unweighted Coal**

During 2015-2019, WBPDCL failed to submit the associated electronic printouts to the seller within the stipulated norm of FSA, *i.e.*, 30 days from the date of Railway Receipts (RRs) as per the provisions of FSA for 4418.84 MT of unweighted coal in 13 cases. Consequently, WBPDCL suffered a loss of ₹ 1.32 crore due to delay in registering claim of unweighted coal rakes.

During 2016-20 DPL received 15 rakes of coal from BCCL which was not weighted at loading end. DPL did not claim short receipt of coal for 1227.24 MT coal as per the above mentioned clause. As a result, DPL incurred a loss of ₹ 32.66 lakh.

(Paragraph 3.9.3)

### **Missing/ unconnected wagons**

WBPDCL had not received 46.32 lakh MT coal valuing ₹ 1,722.37 crore due to missing wagons and 44.12 lakh MT coal valuing ₹ 1,620.20 crore was received through diverted/unconnected wagons during 2015-20. Thus, WBPDCL did not realise ₹ 102.17 crore from Railways due to non-reconciliation of missing/diverted wagons in time.

Similarly, during 2015-20 DPL received 3.40 lakh MT of coal valuing ₹ 102.51 crore from diverted wagons while 1.44 lakh MT of coal valuing ₹ 35.92 crore was missing. The reconciliation of this had not yet been done and ₹ 66.59 crore was payable by DPL to Railways (February 2020).

(Paragraph 3.9.9)

## Chapter – IV

### Compliance Audit Observations

#### **Detailed Compliance Audit of All Applicable Environmental Laws in South 24 Parganas District**

The Department of Environment (DoE), GoWB, has the responsibility to ensure compliance of the various environmental laws in the State, through its various parastatal agencies like the West Bengal Pollution Control Board (WBPCB), West Bengal State Coastal Zone Management Authority (WBSCZMA) etc.

Audit of compliance of all applicable environmental laws in the selected district of South 24 Parganas was intended to check whether the DoE and its parastatals were effectively monitoring the application of laws and provisions on environment by the concerned stakeholders, including Government Departments and agencies, generating or handling substances that had damaging effects on the air, water, soil and the bio-diversity of the district.

It was observed that there were significant shortcomings in the compliance by stakeholders including general public, public authorities, local bodies, etc. The DoE and its parastatal bodies were slow to investigate or book violations of legal provisions and laws and when they did do so, it was rarely followed up with punitive action, even mild ones like imposition of fines.

Segregation of waste was not being enforced effectively, whether it was medical waste or household waste. In fact, several Health Care Facilities were found to have been operating without BMW authorisation. Basic facilities like STPs and solid waste treatment facilities were found to be lacking in this critical district, which also includes the Kolkata Municipal Corporation (KMC) area and several important industrial and *peri-urban* areas. As a result, untreated waste, waste water and sewage continued to pollute land and water bodies in the district, including the river Hooghly.

There were inadequate number of monitoring stations for measuring quality of air and water, given the large population of the district, rectificatory action to abate air or water pollution seems to have not been enforced, almost as if the monitoring stations were an end in itself. No action was seen to have been taken against industries violating Environmental Clearance conditions.

The district is home to the Sundarbans as well as the Ramsar site EKW. There were illegal constructions in EKW and CRZ areas in Sundarbans. However, such violations of rules even in these ecologically fragile areas were rarely found to have been penalised; on the couple of rare occasions they were done, it was in compliance of Kolkata High Court orders.

There appears to be a severe lack of coordination between the DoE and its parastatals and the stakeholders especially other Government Departments, which is evident from the fact that violations were not properly followed up with the concerned Departments. It is essential to ensure that requisite environmental issues are adequately addressed as a routine in the process of activities of the Departments. Stricter enforcement of compliance at all levels of Government, including local bodies, and effective monitoring by DoE and its parastatals is critical if treatment of environmental hazards and pollutants are to be made a priority for the sake of overall well-being of the environment and the bio-diversity it sustains, including the human population.

**(Paragraph 4.1)**

The Superintendent Engineer, Northern Circle, Public Works Department did not use nearest available quality stone materials in strengthening of road works. This led to an avoidable expenditure of ₹ 113.36 lakh along with committed liability of ₹ 46.81 lakh on carriage of stone materials.

**(Paragraph 4.2)**

Public Works Department in construction of concrete pavement considered the Schedule of Rates (SoR) for Building Works instead of SoR for Road & Bridge Works, which resulted in an avoidable expenditure of ₹ 0.89 crore.

**(Paragraph 4.3)**

Avoidable expenditure of ₹ 18.10 crore due to execution of unnecessary and excess thickness of BM and costlier bituminous wearing course.

**(Paragraph 4.4)**

Department, in construction of a concrete road, laid an extra sub-base layer of Water Mixed Macadam in violation of the Indian Roads Congress Guidelines which resulted in excess expenditure of ₹ 1.45 crore.

**(Paragraph 4.5)**

West Bengal Small Industries Development Corporation Limited (WBSIDCL) did not avail the auto swift facility of the current account and thereby lost the opportunity to earn interest of ₹ 3.50 crore.

**(Paragraph 4.6)**

West Bengal Khadi and Village Industries Board under MSME&T Department extended undue benefit of ₹ 85.50 lakh as VAT to the contractors in addition to payment of ₹ 1.53 crore towards GST.

**(Paragraph 4.7)**

Non-realisation of annual lease rent and interest of ₹ 3.96 crore in case of 33 lessees in possession of 2156.41 acres of land.

**(Paragraph 4.8)**

The L&LR RR&R Department failed to settle 67 cases of long-term leases involving 141.91 acres of land with the unauthorised occupants within the prescribed time limit; revenue of ₹ 51.75 crore, *salami* ₹ 50.51 crore and rent ₹ 1.24 crore was realisable in these cases.

**(Paragraph 4.9)**

In nine cases, lease rent of ₹ 64.15 lakh was not realised due to inaction of the Department to renew expired leases.

**(Paragraph 4.10)**

