
CHAPTER-III PERFORMANCE AUDIT
HEALTH AND FAMILY WELFARE DEPARTMENT
3.1 URBAN HEALTH SERVICES
HIGHLIGHTS

The basic objective of providing modern treatment facilities by creating required infrastructure and expanding population based indoor treatment facilities to the people of urban areas in the State remained unachieved due to non-availability of required equipment in hospitals/diagnostic centres, non-availability of specialist doctors and irrational deployment of available manpower. The doctor patient ratio was much higher than the All India average. Besides, there were instances of administering substandard/ untested medicines to patients. In absence of required infrastructure, there was inordinate delay in pathological/radiological tests, investigation and surgical operations, etc, indicating poor provision of health care services.

During 2002-2007, the Department could not spend budgeted funds of Rs 357.13 crore for urban health services. Further, unutilised funds of Rs 1.50 crore remained parked in the personal ledger accounts of the Superintendents of two hospitals for over seven years.

(Paragraphs 3.1.6.1 and 3.1.6.2)

User charges amounting to Rs 9.40 crore, collected by the hospital authorities during 2006-2007, instead of crediting to Government revenue, were irregularly appropriated to create a corpus fund for development of hospitals.

(Paragraph 3.1.6.3)

Out of GOI grants of Rs 13.70 crore received during 2002-2007 for improvement of cancer treatment facilities in hospitals (Rs 6.38 crore) and upgradation of mental hospitals (Rs 7.32 crore), only Rs 3.31 crore was utilised for the purpose and balance amount of Rs 10.39 crore was parked in the bank accounts of State and District Health and Family Welfare Samities.

(Paragraph 3.1.6.4)

KS Roy TB Hospital did not recover rent for 331 beds kept reserved for 13 organisations for treatment of their employees for over ten years and thus sustained loss of revenue of Rs 2.38 crore on account of unrealised bed rent for the period from March 1994 to March 2007.

(Paragraph 3.1.6.7)

The buildings constructed for Sub-divisional hospitals at Ranaghat and Tehatta in May 2002 and June 2003 respectively at a total cost of Rs 2.53 crore remained unutilised as of March 2007 due to defective construction and non-deployment of required staff.

(Paragraph 3.1.7.2)

Abbreviations used in this review have been listed in the Glossary (page 233)

Due to non-testing/delayed testing of drug samples coupled with non-receipt/delayed receipt of test-reports, medicines costing Rs 72.72 crore were administered to the patients without testing besides consumption of non-standard quality medicines worth Rs 8.57 lakh.

(Paragraph 3.1.12)

Due to collection of blood in excess of requirement coupled with absence of proper storage and preservation facilities, 28499 units of blood valuing Rs 1.32 crore were destroyed during 2002-2006.

(Paragraph 3.1.13)

Functioning of the Internal Audit (IA) wing of the department was ineffective owing to huge shortfall in inspection of auditee units by the IA.

(Paragraph 3.1.17)

Most of the modules of the Hospital Management Information System introduced in the year 2004 were still incomplete. The department had no mechanism for monitoring and evaluation of the performance of hospitals and other health institutions.

(Paragraph 3.1.18)

3.1.1 Introduction

The provision of assured and credible primary health services of acceptable quality has emerged as priority thrust area for both the Central and State Governments with increasing urbanisation along with growth of slums and low income population in the cities. The strategies for developing healthcare delivery system for urban population envisaged establishing/ upgradation of hospitals, providing specialised treatments, expanding population based indoor treatment facilities and strengthening infrastructure for health care services.

The objective of the Health and Family Welfare Department was to provide standard and upgraded treatment facilities in the District/Sub-Divisional/State General Hospitals by providing modern equipment, setting up sophisticated laboratories and blood banks, deployment of adequate number of specialist doctors and paramedical staff, etc, for rendering adequate health care services.

3.1.2. Organisational Structure

The Additional Chief Secretary to the Government of West Bengal, Health and Family Welfare Department (Department), was in overall charge of urban health services. He was assisted by the Director of Health Services, Director of Medical Education and Director of State Bureau of Health Intelligence.

Medical Superintendent cum Vice Principals (MSVPs) were in charge of eight Medical Colleges & Hospitals and two Post Graduate Teaching Hospitals. The Superintendents were in charge of 15 District Hospitals, 45 Sub-Divisional Hospitals, 34 State General Hospitals and 32 Specialist Hospitals located in urban areas of West Bengal.

3.1.3 Audit Objectives

The main objectives of performance audit were-

- to assess the adequacy of financial outlay and efficiency of utilisation of funds;

- to assess the adequacy of infrastructure and quality of patient care provided by hospitals;
- to assess economy and efficiency of the system of procurement and utilisation of equipment and stores;
- to evaluate the performance of blood banks;
- to assess utilisation of manpower and augmentation of resources and
- to evaluate the adequacy of supervision and monitoring mechanism.

3.1.4 Audit Criteria

The criteria used for the performance audit were:

- Budget document and sanctions issued from time to time;
- Norms prescribed for deployment of medical and paramedical staff;
- Patient load; (in terms of bed strength, availability of speciality services, etc, as per extant sanctions);
- The prescribed norms and procedure for procurement of medical equipment and stores and their utilisation towards patient care; and
- Supervision and monitoring system set up by the Government.

3.1.5 Audit coverage and audit methodology

The performance audit of urban health services (UHSs) for the years 2002-2007 was conducted during February to May 2007 through test-check of records of the Department/ Directorates, six Medical College and Hospitals¹ (MCHs), four District Hospitals² (DHs), eight Sub-Divisional Hospitals³ (SDHs), five State General Hospitals⁴ (SGHs) and nine other specialist hospitals⁵. An entry conference was held (November 2006) with the Secretary of the Department on the organisational network of urban health services and after completion of audit, the audit observations were also discussed (August 2007) with him. The comments of the MSVPs/Superintendents were considered while framing the audit findings and recommendations.

Audit Findings

3.1.6 Financial Management

3.1.6.1 Budget allocation and utilisation of funds

The National Health Policy 2002 recommended allocation of about seven *per cent* of the State budget to the health sector in the first phase i.e. by 2005. In the second phase, by 2010 it was to be increased to eight *per cent*. The allocation for health sector, however, accounted for only three to four *per cent* of the State budget during 2002-2007.

¹ Calcutta Medical College and Hospital (CMCH), Seth Sukhlal Karnani Memorial Hospital (SSKMH), Radha Gobinda Kar Medical College and Hospital (RGKMCH), Nil Ratan Sircar Medical College and Hospital (NRSMCH), Bardhaman Medical College and Hospital (BMCH), Medinipur Medical College and Hospital (MMCH)

² Nadia, North 24 Parganas, South 24 Parganas and Hooghly

³ Ranaghat, Canning, Katwa, Durgapur, Diamond Harbour, Barrackpur, Arambag and Kharagpur

⁴ Santipur, Digha, Uttarpara, Habra, Ashoknagar

⁵ Bangur Hospital of Neurology, Gandhi Hospital (Cardiac), Regional Institute of Ophthalmology (Eye and Cornea Grafting), SN Pandit (Dialysis), School of Tropical Medicine (Tropical Disease), BC Roy Hospital for Children, KS Roy TB Hospital, Institute of Psychiatry (Mental Hospital), Pavlov Hospital (Mental Hospital),

The table below indicates the budget estimates and expenditures for UHSs during 2002-2007:

Year	Budget Estimate			Actual Expenditure			Excess/ Saving
	Non-plan	Plan	Total	Non-plan	Plan	Total	
	<i>(R u p e e s i n c r o r e)</i>						
2002-2003	789.94	93.19	883.13	723.75	70.70	794.45	-88.68
2003-2004	707.05	94.12	801.17	653.23	94.48	747.71	-53.46
2004-2005	726.85	26.51	753.36	687.59	45.23	732.82	-20.54
2005-2006	822.90	19.86	842.76	740.73	8.17	748.90	-93.86
2006-2007	841.68	83.14	924.82	790.17	34.06	824.23	-100.59
Total	3888.42	316.82	4205.24	3595.47	252.64	3848.11	-357.13

Source: Budget documents

Budgeted funds of Rs 357.13 crore remained unutilised during 2002-2007

It would be evident from the above table that the budgetary savings ranged between Rs 20.54 crore and Rs 100.59 crore during 2002-2007. Reasons for non-spending of full amount of budgeted funds were not available on record.

3.1.6.2 Funds lying in Personal Ledger Account and diversion of funds

A sum of Rs 1.50 crore released for emergency purchase of medicines and repairing of equipment remained parked in the personal ledger accounts of MSVP of CMCH (Rs 95 lakh) and RGKMCH (Rs 54.74 lakh) since January 1997 and June 2000 respectively. Besides, the MSVP of CMCH surrendered Rs 16 lakh allotted for procurement of medicines during 2005-2006 although there was dearth of medicines in store for supply to indoor patients. Further, an amount of Rs 32.41 lakh allotted for procurement of medicines during 2002-2007 was diverted by the MSVP of RGKMCH for payment of outstanding bills for stationery and equipment.

3.1.6.3 Irregular appropriation of departmental receipts

According to the provisions laid down in the West Bengal Treasury Rules, all monies received as revenue of the State shall, without delay, be deposited in the Government account and such receipt shall not be appropriated for departmental expenditure. In violation of the said rule, Government issued instructions in March 2006 to constitute 'Rogi Kalyan Samiti' (RKS) in each of 24 specified hospitals to which 40 per cent of users' charges collected by each hospital were to be passed on for utilisation towards development of the hospital. The remaining 60 per cent were to be deposited into the 'Corpus Fund (CF)' of the State Health & Family Welfare Samiti (SHFWS), who would allocate funds from CF to different RKSs according to their needs. Thus, with the issue of such instructions, the legislative control over Government spending was made over to the Samities.

It was observed that the user charges amounting to Rs 9.40 crore, collected by the hospital authorities during 2006-2007, in accordance with Government instructions, were appropriated to create a development fund outside the Government Account. Out of Rs 6.67 crore deposited into CF during June 2006 to February 2007 by the hospitals, no amount was allocated to RKSs by SHFWS. Further, test-check of records of six MCHs and four DHs showed that out of RKS fund of Rs 2.73 crore retained by these institutions during April 2006 to March 2007, only Rs 0.04 crore were utilised and balance Rs 2.69 crore was lying in the bank accounts as of March 2007.

Irregular appropriation of departmental receipts to create a fund outside Government Account was a breach of legislative control over Government spending

Thus, the appropriation of Government revenue to create a fund outside Government account was not only an irregular act but also led to parking of Government revenue in the bank accounts of the Samities.

3.1.6.4 Non-utilisation of GOI grants

GOI grants of Rs 10.47 crore for improvement of cancer treatment facilities and upgradation of mental hospitals remained unutilised

As against GOI grant of Rs 6.38 crore received during 2002-2005 under National Cancer Control Programme (NCCP) for improving cancer treatment facilities in four⁶ MCHs and one DH (Malda), Rs 3.31 crore were utilised as of April 2007 for development of Oncology Wing at NRSMCH (Rs 0.50 crore), CMCH (Rs 1.43 crore) and for establishing Bracey-therapy Unit at SSKMH (Rs 1.38 crore) and balance amount of Rs 3.07 crore was parked with SHFWS (Rs 2.17 crore), Medinipur DHFWS (Rs 0.45 crore) and Malda DHFWS (Rs 0.45 crore). Due to non-utilisation of available funds, no further grant was released by GOI during 2005-2007.

The entire amount of GOI grant of Rs 4.89 crore received (September-October 2005) for upgradation of three⁷ mental hospitals and Rs 2.43 crore (June 2006) for upgradation of Psychiatric department in five⁸ MCHs remained unutilised with SHFWS as of March 2007 for reasons not on record.

Further, out of GOI grant of Rs 15 lakh received in March 1991 for implementation of District Cancer Control Programme in South 24 Parganas, Rs 3.84 lakh was spent for the scheme and Rs 3.38 lakh was diverted for other purposes⁹ and balance Rs 7.78 lakh remained unutilised with CMOH, South 24 Parganas as of April 2007. Thus, the required facilities were not provided for the cancer patients despite availability of funds.

3.1.6.5 Poor utilisation of State Illness Assistance Fund (SIAF)

Under the centrally sponsored Scheme of 'Assistance to States towards expenditure on hospitalisation of poor', the Department created (April 1998) West Bengal State Illness Assistance Fund (SIAF) and released Rs 5.30 crore during 1998-2003 (Rs 3 crore) and 2005-2007 (Rs 2.30 crore), while GOI released matching grant of Rs 2 crore during 1998-2000. Due to non-submission of utilisation certificate and progress report on implementation of the scheme coupled with non-sanction of grants for SIAF by the Department during 2003-2005, GOI did not provide any matching grant during 2001-2007.

Despite availability of funds, 2467 BPL patients were deprived of treatment facilities

Out of Rs 6.18 crore sanctioned for 6252 patients for by-pass surgery, renal transplantation, implantation of pace maker, etc, during 1998-2007, Rs 4 crore were paid to 3785 patients and 2467 patients were not paid any assistance for reasons not on record.

Further, SIAF of Rs 0.95 crore to Rs 3.55 crore were invested in term deposits with banks during 1998-2007 instead of extending assistance to indigent

⁶ NRSMCH, CMCH, SSKMH, MMCH

⁷ Calcutta Pavlov Mental Hospital (Rs 0.94 crore), Barhampur Mental Hospital (Rs 2.95 crore), Purulia Institute of Mental Health Care (Rs 1 crore)

⁸ CMCH (Rs 0.43 crore), BMCH (Rs 0.50 crore), Chittaranjan National MCH (Rs 0.50 crore), NRSMCH (Rs 0.50 crore), RGKMCH (Rs 0.50 crore)

⁹ Procurement of pulse oximeter (Rs 2.43 lakh), Office contingency, etc (Rs 0.95 lakh)

patients. No action was taken for wide publicity of the scheme and the available funds remained unutilised due to lack of awareness of the scheme amongst BPL people. Thus, the intended objective of providing financial assistance to critical patients belonging to BPL families was frustrated owing to poor management of the scheme.

3.1.6.6 Loss of revenue due to allotment of free bed in excess of norm

Thirty per cent beds of all Government hospitals, except SSKMH which had no free bed, were to be earmarked as paying beds with effect from April 2002 and maximum 70 per cent of beds in each hospital (15 per cent in case of SSKMH) were to be allotted free of cost to the patients of low income group (monthly income up to Rs 2000) on production of Income Certificate.

Allotment of hospital beds to patients free of cost in excess of norm resulted in a loss of revenue of Rs 3.13 crore

Against the norm of 70 per cent, 83 to 98 per cent beds of ten test-checked hospitals¹⁰ and 24 per cent (norm: 15 per cent) beds in SSKMH were provided free of cost during January 2002 to December 2006 resulting in loss of Rs 3.13 crore. There was no mechanism for verifying the authenticity and genuineness of the income certificates produced by patients for enjoying free treatment facility.

3.1.6.7 Non-realisation of hospital charges

Out of 745 beds in KS Roy TB Hospital, 331 beds were kept reserved for 11 Government and two non-Government organisations for treatment of their employees under the terms that annual bed rent of Rs 38.97 lakh should be paid by these organisations. Bed rent of Rs 2.38 crore for the period from March 1994 to March 2007 remained unrealised from these organisations as of June 2007.

Non-realisation of rent for reserved beds led to loss of revenue of Rs 2.38 crore

3.1.7 Inadequate infrastructure facilities

3.1.7.1 Reduction in number of beds

Although the urban population increased annually by about four lakh during 2002-2006, the number of beds in urban hospitals decreased from 38247 in 134 hospitals as of March 2002 to 37837 in 136 hospitals as of March 2006 mainly due to conversion of in-patient wards into office accommodation.

Against the sanctioned bed strength of 11130 and 6766 in nine MCHs and 15 DHs, 10396 and 6567 beds were available leading to shortage of 933 beds. In three major MCHs in Kolkata (NRSMCH, SSKMH and CMCH), 1331 to 1340 beds were available against sanctioned 1650 to 1890 beds leading to an overall shortfall of about 1230 beds. The shortage of beds was attributed to infrastructural deficiencies, progress of repair work, etc.

¹⁰ NRSMCH (88%), CMCH (86%), RGKMCH (83%), BC Roy (96%), Pavlov MH (98%), SN Pandit (90%), DH – Nadia (94%), DH – North 24 Parganas (98%), DH – South 24 Parganas (92%), DH – Hooghly (94%),

3.1.7.2 Non-utilisation of created facilities

The buildings constructed for two Sub-divisional hospitals at a cost of Rs 2.53 crore remained unutilised

(i) The 15 bedded Block Primary Health Centre (BPHC) at Tehatta, Nadia was upgraded to Sub-divisional hospital (68 bedded) in June 2003 at a cost of Rs 1.49 crore but it was functioning as BPHC as of April 2007. Sixteen Specialist Physicians, six MOs and 37 para-medical staff, though sanctioned, were not posted and thus, the additional beds remained unutilised.

(ii) The extension work of Ranaghat Sub-divisional hospital building, (171 bedded) was completed by PWD in May 2002 at a cost of Rs 1.04 crore for accommodating the Blood Bank and new wards. The hospital authority refused to take over the extended building on the ground that the construction works were of poor quality and there were leakages on roof. No action was taken for rectification of the defects in construction and the building remained unutilised (March 2007) despite spending Rs 1.04 crore on its construction.

The ICCUs and other essential units remained non-functional due to shortage of specialist doctors and required staff

(iii) The Intensive Coronary Care Units (ICCU) in Nadia DH (12 beds), MMCH (six beds) and Hooghly DH (seven beds), created in May 2002, July 2003 and August 2003 respectively at a cost of Rs 25.05 lakh, remained non-functional as of April 2007 due to non posting of cardiologist, specialist doctors and other required staff. Similarly, the ICCU and Burn Unit at Hooghly DH constructed at a cost of Rs 32.84 lakh (civil work: Rs 5.59 lakh and equipment: Rs 27.25 lakh) during 2003-2004 remained non-functional as of April 2007 due to non-deployment of required manpower by the Department.

(iv) In Arambagh SDH, a separate ward for female patients constructed in March 2001 at a cost of Rs 45 lakh remained non-functional since creation due to non-posting of MOs and GDAs. About 350 indoor patients were treated regularly against bed capacity of 250, no action was taken by the Department to make the female ward functional.

3.1.8 Patient care

Delivery of comprehensive and advanced medical care was the guiding principle in patient care. As advanced medical care and treatment facilities were not available in the rural areas due to infrastructural deficiencies, the hospitals in urban areas were to deliver the advanced treatment facilities.

3.1.8.1 In-patient department

The average bed occupancy in two DHs, four SDHs and one SGH during each of the years 2002-2007 was more than one patient per bed as shown below:

Hospital	Bed capacity	Average bed occupancy in percentage					
		2002	2003	2004	2005	2006	Average
Nadia DH	495	124	129	116	115	112	119
North 24 Pgs DH	306	99	102	98	104	109	102
SDH, Canning	68	100	107	158	128	88	116
SDH, Ranaghat	171	158	145	137	106	103	130
SDH, Durgapur	157	225	183	223	214	164	202
SDH, Diamond Harbour	125	186	188	201	193	184	190
SGH Habra	131	107	112	103	88	86	99

There was overcrowding in the wards due to increase in patient load without increase in bed strength and medical staff

In the above hospitals the average bed occupancy rate ranged from 99 to 202 per cent during 2002-2006 indicating over-crowding in the wards of indoor patients and accommodating the patients on the floors. More than 100 per cent bed occupancy in any hospital vis-à-vis cases referred to other hospitals indicated non-availability of adequate infrastructure according to requirement of local patients.

3.1.8.2 Non-utilisation of available bed capacity

According to norms fixed by the State Government, Bed Occupancy Rate¹¹ (BOR) and Bed Turnover Ratio¹² (BTR) in DHs, SDHs and SGHs should be 75 to 100 and 72 to 96 respectively. In the following test-checked DHs/SDHs/SGHs, either BOR or BTR or both were far below the norm in most of the hospitals during 2003-2006 as indicated in the following table:

Name of the hospitals	2003		2004		2005		2006	
	BOR	BTR	BOR	BTR	BOR	BTR	BOR	BTR
Hooghly DH	87	70	89	71	89	75	92	78
SDH, Kharagpur	74	49	70	48	72	50	84	52
SGH, Digha	41	66	56	67	55	65	63	80
SGH, Uttarpara	78	70	56	68	76	62	71	58
SGH, Ashoknagar	50	75	55	79	65	90	63	86

In absence of specialist doctors and required infrastructure, 24727 patients attending the aforesaid secondary level hospitals were referred to other hospitals during 2002-2006 resulting in poor bed occupancy.

3.1.8.3 Non-admission of critical patients in MCHs

During January 2003 to December 2006, in five MCHs only 11 to 77 per cent of patients attending in the Emergency Wing were admitted. The hospital-wise position during 2003-2006 was as indicated below:

Name of the MCH	Total critical patients attending emergency (in lakh)	Number of patients admitted (in lakh)	Percentage of admission to emergency patients
CMCH	3.67	1.75	48
NRSMCH	2.57	1.00	39
RG KMCH	4.50	1.03	23
SSKMH	3.55	0.38	11
Medinipur MCH	1.88	1.45	77

The MSVP of SSKMH stated (June 2007) that non-availability of beds in the MCH was the main reason for non-admission of all critical patients and the MSVP of NRSMCH stated (June 2007) that it was not the duty of an MCH to admit all emergency patients and such critical patients should be given treatment in nearby hospitals. The fact remains that tertiary level hospitals were over crowded as secondary level hospitals were not properly equipped to deliver required services.

¹¹ Percentage of Bed-Days occupied (in a given period)

¹² Percentage of Discharges and Deaths per bed (in a given period)

3.1.8.4 Non-establishment of Emergency cum Trauma Centre (ECTC)

GOI allotted (June 2006) Rs 1.50 crore for setting up a trauma centre in SDH, Kharagpur. As the plan and estimate for the same was not prepared as of June 2007, the entire fund remained parked in bank account of Superintendent.

3.1.9 Referral Cases

In order to minimise referral cases from secondary level hospitals (DHs/SGHs/SDHs) to MCHs and other specialised hospitals, 76 secondary level hospitals (15 DHs, 61 SDHs/SGHs) were equipped with modern equipment and required infrastructure at a cost of Rs 762.80 crore during 1996-2004 for providing modern treatment facilities to the patients. In addition, telemedicine referral centres at four MCHs¹³ and two specialist hospitals¹⁴ with nodal centres at MMCH, seven DH¹⁵ and two SGHs¹⁶ were set up at a cost of Rs 6.09 crore (GOI: Rs 5.71 crore and State Government: Rs 0.38 crore) during February 2002 to April 2007. Another telemedicine project in three DHs¹⁷ with referral node at SSKMH was installed during October 2003 to January 2004 at a cost of Rs 37.28 lakh.

Scrutiny of records of eight secondary level hospitals (four DHs, two SGHs and two SDHs), however, showed that 94256 patients were referred from these hospitals to MCHs during 2003-2006 and the number of referral cases gradually increased from 19195 in 2003 to 26407 in 2006.

Non-availability of ICCU and equipment like CT¹⁸ Scanner, Endoscopes, Colour Doppler, etc, coupled with shortage of specialist doctors were the main reasons for such huge referral cases. Thus, the very purpose of modernising the secondary level hospitals remained frustrated.

The Joint Director of Health Services (Planning and Development) stated (June 2007) that infrastructural deficiency in secondary level hospitals was the main reason for increase in referral cases to MCHs.

Despite installation of required equipment in 13 hospitals for treatment of patients through telemedicine, two referral centres (SSKMH and BMCH) and four nodal centres (MMCH and DHs at Krishnagar, Malda, Balurghat) did not take off as of March 2007 for reasons not available on record and the system in six¹⁹ nodal centres broke down between March 2005 and December 2006.

Only 2964 patients were treated through telemedicine, while 58584 patients were physically transferred from these hospitals to MCHs up to December 2006 frustrating the very purpose of the project. Further, functioning of the project was not monitored or supervised due to absence of project coordinating

¹³ Nil Ratan Sircar Medical College and Hospital, Kolkata, North Bengal Medical College and Hospital, Siliguri, Medical College and Hospital, Kolkata, Medical College and Hospital, Bardhaman

¹⁴ School of Tropical Medicine, Kolkata and Chittaranjan National Cancer Research Institute, Kolkata

¹⁵ Suri, Berhampore, Cooch Behar, Tamluk, Purulia, Raigunj, Darjeeling

¹⁶ Arambagh, Hooghly and Habra, North 24 Parganas

¹⁷ Krishnagar, Malda and Balurghat,

¹⁸ Computerised Tomography

¹⁹ SGHs at Arambagh and Habra and DHs at Berhampore, Suri, Cooch Behar and Purulia

officer leading to lack of coordination and accountability among service seekers and providers.

3.1.10 Delay in surgery

Average waiting period per patient for surgery in different departments of four test-checked MCHs during 2002-2007 was as indicated below:

Nature of surgery	Average waiting period for surgery (in days)			
	NRSMCH	RGKMCH	SSKMH	CMCH
Orthopaedic	120	14	120	NA
Neuro Surgery	45	NA	NA	60
Plastic Surgery	150	180	150	70
E.N.T	60	30	30	45
Cardiothorasic	90	NA	NA	NA
Dialysis	5	NA	45	No dialysis
Urology	NA	NA	60	45

NA: Information not furnished

In the absence of required number of specialist surgeons, there was inordinate delay in surgeries

Audit scrutiny disclosed that in SSKMH, 250 patients were awaiting Plastic Surgery for 5 months, 150 patients were waiting for ENT operation for about one month and 230 patients were awaiting Uro-surgery for two months as of June 2007. Other hospitals did not maintain any record in respect of patients waiting for surgery in different departments.

In Gandhi Memorial Hospital, 350 bedded specialist hospital at Kalyani for heart/chest diseases, 229 to 306 patients had to wait for more than one to 14 months for heart surgery during 2002-2007.

Inadequate infrastructure and shortage of specialist surgeons were the main reasons for delay in undertaking surgery in these hospitals.

3.1.11. Diagnostic Services

Abnormal delays in conducting diagnostic tests due to non-functioning of regional diagnostic centers and non-availability of required equipment

Diagnosis required for making early and accurate analysis of diseases for working out treatment plan, are done through clinical and radiological investigation using diagnostic equipment. Non-availability of sophisticated equipment affected the diagnostic services in most of the hospitals, as discussed below:

- (i) Magnetic Resonance Imaging (MRI) and Computerised Tomography (CT) Scanner were not available in any of six test-checked MCHs while Trade Mill Test (TMT) was not done in five MCHs. Prostrated Specific Antigen (PSA) testing required for monitoring cancer prostrated patients and Polymerase Chain Reaction (PCR) test required for detection of HIV, TB, etc, were not done in any of six MCHs. In none of the four test-checked DHs, CT Scanners, colour doppler, blood gas analyser, mobile C-arm with lung intensifier, automated blood cell counter, multiple bed side monitor, halter machine, etc, were available.
- (ii) In five MCHs, 41 equipment costing Rs 4.60 crore were lying in defective condition for over one to six years (refer *Appendix 3.1*). The proposal (November 2006) for repair of Telecobalt-I & II units at CMCH at an estimated expenditure of Rs 45.94 lakh was pending with the

Department while no action was taken for repairing other defective equipment.

- (iii) In eight hospitals, 54 equipment costing Rs 2.25 crore purchased during March 1999 to March 2006 remained uninstalled as of March 2007 (refer **Appendix 3.2**) due to non-availability of required infrastructure, shortage of specialist doctors, etc.
- (iv) For emergency patients, electro-cardiogram (ECG) in NRSMCH and X-ray, TMT and echo-cardiograph in Gandhi Memorial Hospital were done by the General Duty Attendants (GDA) due to shortage of Medical Technologists (MT) and in none of the hospitals, pathological tests and X-rays were done after 4 PM due to shortage of technical staff, although the hospitals were to provide round the clock service in Radiology Department. In CMCH, Lady MT (Radio diagnosis) was not posted although such posting was mandatory for Mammography unit. In Ashoknagar and Digha SGHs, no surgery was undertaken due to non-availability of Surgeon and Anesthetist. Similarly in CMCH and RGKMCH, the facility of dialysis was not available for want of technicians. In Ashoknagar SGH, X-ray and pathological tests were not done during 2002-2007 as no MT/Pathologist was posted against sanctioned strength of three MTs (two for laboratory and one for X-ray).

3.1.11.1 Non-functioning of Regional Diagnostic Centres

On the recommendation of Eleventh Finance Commission for setting up four Regional Diagnostic Centres (RDC) in four hospitals²⁰ at a cost of Rs 12 crore by procuring 10 types of diagnostic equipment costing Rs 3 crore for each centre, GOI released (2000-2005) grants of Rs 7.24 crore. The Department decided (November 2000) to set up one more such centre at DH, South 24 Parganas for which an additional fund of Rs 3 crore was to be provided by it. But, no funds were released by the Department till March 2007. The Department procured (June 2002 to March 2006) only two to five equipment²¹ for five RDCs at Rs 7.21 crore and due to delayed procurement of equipment, remaining amount of Rs 4.76 crore was not released by GOI. Thus, the target of setting up fully equipped RDCs remained frustrated.

3.1.11.2 Indian Medical Council (IMC) norms not followed

As per IMC stipulations, each MCH should have separate laboratories for Virology, Parasitology and Immunology under Microbiology Department. Such laboratories were not established in six test-checked MCHs as of March 2007. It was also stipulated that each service laboratory in a hospital should have an area of 25 sq meters. Three service laboratories viz. Histopathology, Cyst-pathology & Hematology in five²² MCHs were not provided with the required space and were accommodated in a single room in these hospitals.

²⁰ North Bengal MCH, BMCH, Bankura Sammilani MCH and Malda District Hospital

²¹ Two to four within the ten equipment recommended by EFC at the total cost of Rs.6.26 crore and others outside the list of ten at Rs. 0.95 crore

²² RGKMCH, SSKM, CMCH, MMCH, BMCH

3.1.11.3 Delay in investigation

Audit scrutiny in six MCHs disclosed that the patients had to wait for a long period for various radiological and cardiological tests and investigations as indicated below:

Particulars of tests	Average waiting time for different tests for each patient (In days)					
	NRSMCH	RGKMCH	SSKMH	CMCH	MMCH	BMCH
X-Ray	120	70	10-14	40	13-37	3-31
USG	30	98	15	35	16-23	4-36
TMT	60	No delay	NA	90	NA	3-24
Echocardiography	21	90	NA	90	NA	35-45

In Bangur Institute of Neurology, patients had to wait for about two to three months for MRI test during 2002-2007 as only one MRI machine was installed (March 2000) in the Institute. Similarly, the patients had to wait for more than one to two months for CT scan.

The MSVP of NRSMCH stated (June 2007) that abnormal patient load for radiological tests (250 to 300 patients per day against capacity of 100 to 150 patients per day) was the main cause for delay in undertaking tests. However, two X-ray machines were lying out of order in this MCH for over six years.

3.1.11.4 Non-functioning of Oncology/ Cobalt Therapy units

Cancer treatment units were not established in 15 DHs despite availability of funds

For setting up Oncology/Cobalt Therapy units in three MCHs and 15 DHs, the Department sanctioned (July 2004) 18 posts of Cancer Specialist MOs and posted (August 2005) them as In-charge of Oncology/Cobalt Therapy units and paid Rs 40 lakh (Rs 2.20 lakh for each of 18 units) to SHFWS for procurement of equipment for setting up of the units by March 2006.

As of April 2007, only three units in DHs at Nadia, Purulia and Howrah were made functional and the units in remaining hospitals were not established as the MOs-in-charge did not join their respective posts while unutilised funds of Rs 39.07 lakh remained parked with the respective DHFWSs.

3.1.12 Administering of untested/sub-standard drugs

According to the instructions issued by the Department from time to time between July 1992 and July 2003, samples of medicines purchased by Central Medical Stores (CMS)/District Medical Stores (DRSs)/Hospitals were to be tested in the State Drug Control and Research Laboratory (laboratory) in Kolkata before issuing the medicines to the patients. In July 2003, the department created a Quality Control Section in CMS for centrally monitoring the testing and analysis of drugs purchased by CMS/DRSs/Hospitals. In September 2004, the Department selected six laboratories in the State for testing of medicines with effect from October 2004 and specified the procedures for testing of medicines through CMS. The following deficiencies were noticed:

Medicines costing Rs 72.72 crore were administered to the patients without testing besides consumption of non-standard quality medicines worth Rs 8.57 lakh

- (i) Despite issuance of specific instructions from time to time for testing of drugs, scrutiny of records of 25 hospitals disclosed that medicines valuing Rs 72.72 crore (12449 batches) were not tested before issuing to the patients during 2002-2003 to 2004-2005.

- (ii) Indoor patients of NRSMCH, CMCH, MMCH and Nadia DH consumed non-standard quality medicines valuing Rs 8.57 lakh during April 2005 to December 2006 as the adverse test reports were received by the hospitals after issuing the medicines to the patients.
- (iii) According to the instruction (January 1997) of the Department, the report of analysis of drug sample was to be communicated by the laboratory to the concerned unit within two weeks from the date of receipt of sample. It was noticed that out of 6999 samples tested, test reports of only 681 samples (10 *per cent*) were issued by the laboratory and that too after nine to 14 months of receipt of samples. Further, 59 drugs samples received by the laboratory during 2002-2007 were tested after the date of expiry of medicines.
- (iv) The Director of the State Laboratory stated (April 2007) that the testing was done after 2 to 24 months of receipt of drug samples due to shortage of Analysts. Reason for non-issue of test reports could not be stated by him.
- (v) In seven²³ hospitals, medicines costing Rs 16.75 lakh became time-barred as of March 2007 due to procurement of medicines in excess of requirement.
- (vi) In KS Roy TB Hospital, out of medicines worth Rs 1.78 crore procured locally during 2002-2006, medicines worth Rs 79.45 lakh (45 *per cent*) were purchased from two Co-operatives, which were neither manufacturers nor distributors of such medicines. Further, one Co-operative from which medicines valuing Rs 66.75 lakh were purchased, had no drug-licence for sale of medicine.

3.1.13 Blood Banks

Scrutiny of records of Institute of Blood Transfusion Medicines and Immunohaematology (IBTMI) and 16 hospital attached blood banks disclosed the following:

- (i) During 2002-2006, 28499 units of blood costing Rs 1.32 crore were destroyed due to improper planning for collection of blood coupled with lack of adequate storage facilities. The Director of IBTMI stated (January 2007) that collection of blood during August to October and December to February each year was much higher than requirement during the period. Thus, due to unplanned collection of blood, huge quantity of blood was destroyed.
- (ii) While testing the blood in blood banks after collection, 3029 cases of HIV (+) were detected during 2002-2006. The Department instructed the blood banks that the HIV (+) cases should be reported to the respective blood donors. Follow up action taken in this regard was not available on record.

Due to improper planning for collection of blood, 28499 units of blood costing Rs 1.32 crore were destroyed

²³ KS Roy TBH, RGKMCH, SDHs at Kharagpur and Diamond Harbour, SSKMH, CMCH, Digha SGH,

- (iii) According to GOI norm, the test for Hepatitis B (HBSAg) and Hepatitis C (anti HCV) for each unit of blood should be done by ELISA method. In blood banks attached to DHs/SDHs, the ELISA Reader and Printer were not installed. Instead, such test was done by using rapid test kit. The Project Director of West Bengal AIDS Prevention and Control Society requested (October 2006) the Officers-in-Charge of Blood Banks to avoid testing of blood through rapid test, no action was taken for installation of ELISA machine in the blood banks.

3.1.14 Performance of specialised hospitals

3.1.14.1 Mental Hospitals

Psychiatry wards in the urban hospitals were not created despite availability of funds

In January 1999, the Department decided to create a separate psychiatric ward with 20 beds for indoor treatment in each of seven MCHs and 15 DHs and sanctioned 22 posts of MO (psychiatry), 88 posts of Staff Nurses and 88 posts of GDAs and 44 posts of Sweepers. Test-check showed the following deficiencies:

- (i) Out of seven MCHs, separate psychiatry wards were not created in NRSMCH, Calcutta National MCH and CMCH while such facilities in BMCH and NBMCH²⁴ were not being utilised as no psychiatric patient was admitted in the hospitals. In NRSMCH, the psychiatric patients were admitted in general medicine ward.
- (ii) In NBMCH, the doctors attended 50 to 100 psychiatric patients daily in OPD but, no action was taken for opening the psychiatric ward for indoor treatment of psychiatric patients for reasons not available on record. As a result, the building constructed in December 2002 at a cost of Rs 21.10 lakh for creation of psychiatric ward remained unutilised as of June 2007.
- (iii) The Additional Director of Health Services (Mental) stated (March 2007) that although there were required facilities for indoor treatment of psychiatric patients, the doctors did not admit mentally ill patients.
- (iv) Out of 15 DHs, separate psychiatric wards were created in eight DHs till March 2007; in six DHs only OPDs were started for psychiatric patients and the staff posted for separate psychiatric ward were being utilised in OPD only. In DH, Darjeeling neither OPD nor indoor ward was opened.
- (v) As of March 2007, 274 fully cured mental patients in Calcutta Pavlov Mental Hospital (CPMH) were not discharged although they became fit for reintegration in family/society during 2002-2007. The hospitals spent Rs 1.53 crore for maintenance of these fully cured patients.

The Superintendent of CPMH stated (January 2007) that the guardians of cured patients were reluctant to take back the patients. The fact remains that in absence of effective action taken by the Department/ hospitals the cured

²⁴ North Bengal Medical College and Hospital

patients were retained in the hospital for years together and Department had to incur expenditure of Rs 1.53 crore for their maintenance.

3.1.15 Manpower Management

The quality and efficiency of medical care largely depend on availability of the manpower resources (both medical and para-medical). Performance audit showed shortages of medical and para-medical staff affecting patient care services as brought out in the succeeding paragraphs.

3.1.15.1 Shortage of doctors and other staff

The sanctioned strength vis-à-vis men-in-position in respect of 32 test-checked urban hospitals as of March 2007 are given in the table below (Hospital wise position is given in **Appendix 3.3**):

Cadre	Sanctioned strength	Men-in-position	Shortfall	Percentage of shortfall
Medical Officer (MO)	1502	1272	230	15
Para Medical Staff	877	596	281	32
Nursing staff	4375	4324	51	1.2

It may be seen from the table that there was shortage of 1.2 to 32 *per cent* of the sanctioned strength. Further, though there was shortage of one to 30 MOs in 24 hospitals, three to 18 MOs were posted in excess of sanctioned strength in five hospitals. Similarly, one to 51 nursing staff were deployed in excess of sanctioned strength in ten hospitals, while 19 hospitals were functioning with shortage of nursing staff.

Test-check of six MCHs and four DHs disclosed that 1.54 crore patients were treated by 776 doctors during 2002-2007 at an average of 3964 patients per doctor per year. Thus, the doctor-patient ratio of 1:3964 prevailing in major hospitals in urban areas was much higher than the all India level of 1:2083, while in five hospitals²⁵ such ratio varied from 1:4144 to 1:5535 indicating poor provision of health services.

3.1.15.2 Shortage of nursing staff

There was an overall shortage of 42 *per cent* in nursing staff with reference to norms

According to the norms fixed by the Indian Nursing Council, one nursing staff should be provided for every three patients excluding leave reserve at 30 *per cent* of strength.

There was an overall shortage of 42 *per cent* in nursing staff with reference to norms while shortage of Nursing Superintendent (NS)/Deputy Nursing Superintendent (DNS) was 67 *per cent*. Thus, NS/DNS was not available for each shift for adequate monitoring of the performance of nursing staff.

In Gandhi Memorial Hospital at Kalyani, 10 to 12 Specialist Medical Surgeons, 30 to 34 Nursing staff and 20 to 26 GDA/Sweepers were posted in excess of sanctioned strength. Deployment of staff in excess of sanctioned strength was not justified, especially if viewed with shortage of staff in other

²⁵ NRSMCH, RGKMCH, SSKM, MMCH and DH, Nadia

hospitals; moreover, the bed occupancy in this hospital varied from 72 to 74 per cent during 2003-2006.

3.1.15.3 Non-deployment of required staff as per norm

**Psychiatrist,
Psychologist and
other staff were not
deployed as per
norms**

According to Medical Health Act, 1987, for efficient running of Mental Hospitals (MHs) one Psychiatrist and one Psychologist per 10 beds, one nurse per three beds and one ward attendant per five beds are required to be deployed in each MH.

Against requirement of 121 Psychiatrists, 121 Psychologists, and 405 nurses in 14 mental hospitals (1216 beds), the persons in position were 46 (38 per cent), four (three per cent) and 230 (57 per cent) respectively as of March 2007.

In two test-checked mental hospitals against the requirements of 29 Psychiatrists, 29 Psychologists, 95 Nurses and 57 Ward Attendants, only 11 Psychiatrists, one Psychologist, 38 Nurses and 97 Ward Attendants were posted respectively, affecting the quality of patient care.

In violation of the Act *ibid*, non-Psychiatrist Senior Medical Officers were heading these two mental hospitals in place of Psychiatrist.

3.1.16 Other points of interest

3.1.16.1 Loss due to non-realisation of electricity charge

**Non-recovery of
electricity charges for
the staff quarters
resulted in extra
expenditure of
Rs 3.96 crore**

In four hospitals²⁶, power supply to hospital campus including staff quarters was made by CESC in "bulk supply system" through one meter and the payments for electricity charges were made by the hospital authorities without recovering any electricity charge from the occupants of the quarters, as there was no separate meter in each staff quarter. Only in March 2003, the Department directed the MSVP of the hospitals to install separate electricity meters in all staff quarters by June 2003 and to realise electricity charges from the staff occupying the quarters with effect from July 2003. Despite such instruction, the MSVPs did not take any action for installation of meters without assigning any reason.

In August 2006, the Director of Health Services directed to realise electrical charge of Rs 164 per month per quarter (57.6 units at the rate of Rs 2.83 per unit) and the same was recovered from August 2006. Basis of fixation of 57.6 units per quarter per month was not available on record.

Thus, due to non-adherence to the Government order of June 2003, the hospitals incurred an extra expenditure of Rs 3.96 crore on electricity charges during April 2003 to July 2006 at Rs 164 per quarter per month.

3.1.16.2 Avoidable expenditure on payment of electricity charge

The CMCH incurred avoidable expenditure of Rs 19.95 lakh towards payment of 'delayed payment surcharge' to CESC during April 2002 to November 2006 due to payment of electricity bills after one to five days from

²⁶ CMCH, NRSMCH, SSKMH, RGKMCH

the due dates of payment although there was a time gap of about eight to ten days between the receipt of bill and due date of payment.

The MSVP of CMCH stated (December 2006) that late receipt of cheques from the PAO, Kolkata was the main reason for delay in payment of electric bills.

3.1.17. Performance of Internal Audit Wing

The Internal Audit Wing (IAW) under the Directorate of Health Services was headed by one Additional Director (Audit, Accounts and Verification) who was assisted by one Deputy Director of Health Services and 15 Inspectors of Accounts (IA). The IAW was to conduct internal audit of 675 DDOs spread in 19 districts of the State. According to norm fixed by the Department, each IA was to inspect 65 units in a year. Scrutiny of records disclosed that as against 455 units required to be inspected during 2002-2003 by seven IAs in position, only 23 units were inspected. Number of units inspected during 2003-2005 was not available on record, while 104 units were inspected during 2005-2007.

3.1.18 Monitoring and Evaluation

The department introduced (2004) Hospital Management Information System encompassing various administrative and functional aspects²⁷ of hospital operation. However, computerisation of all the modules except indoor patient department, out patient department, charge collection and pay roll were mostly incomplete as of February 2007.

In absence of the same the Department had no mechanism for monitoring and evaluation of the performance of hospitals and other health institutions. The Department did not also evaluate the performance of the hospitals and other units for taking remedial measures to improve the quality of health care services in urban areas.

Although the District Health and Family Welfare Samitis were formed in each district to monitor the progress of civil works, procurement and repair and maintenance of equipment, etc, no report/ minutes of meetings of the Samitis were available in the Department.

Due to lack of monitoring of the activities of MCHs, DHs, SDHs, SGHs, CMS, DMSs, Blood Banks and Drug Testing Laboratory, fruitful utilisation of available resources could not be ensured and remedial measures for improvement of their performance could not be taken.

3.1.19 Conclusion

The basic objective of providing modern and speciality treatment facilities to the people of urban areas remained largely unachieved due to non-availability of required equipment in hospitals/diagnostic centres, non-availability of specialist doctors coupled with irrational deployment of available manpower.

²⁷ Patient admission and discharge; charge collection; drug and equipment store and accounting; diagnostic services; blood bank/OT and ward management; duty roster and human resources management; equipment usage and AMC management

The doctor patient ratio was much higher than the All India average. In absence of required infrastructure, there was inordinate delay in pathological/radiological tests, investigation, and surgical operations, etc, indicating poor provision of health care services. Besides, due to inadequate testing of drug samples coupled with delay in testing, untested medicines as well as not of standard quality medicines were administered to the patients. The Hospital Management Information System was not adequate. The supervision and monitoring of the Department and the SHFWS/DHFWSs over the performance of the hospitals and other health units were not adequate and effective. There was shortfall in units audited by Internal Audit Wing.

Recommendations

- *Entire amount of budget provisions for urban health services and GOI grants received for different development schemes should be utilised to improve health care services to the urban people.*
- *To keep the urban hospitals properly equipped immediate action should be taken for repairing of the defective equipment and commissioning of the equipment lying uninstalled in different hospitals.*
- *Appropriation of Government revenue for departmental expenditure by creating a fund outside Government account was in contravention of financial rules and should be stopped forthwith.*
- *State Drug Control and Research Laboratory should be strengthened to ensure testing of drug samples in time to avoid administering untested/substandard medicines to the patients.*
- *Performance of the blood banks should be monitored closely to ensure collection of blood in a planned way to avoid wastage of precious blood.*
- *Immediate action should be taken for creation of psychiatric wards in all the District Hospitals and for posting of required medical and paramedical staff as per norms.*

The matter was reported to Government in August 2007; reply had not been received (September 2007).

BACKWARD CLASSES WELFARE DEPARTMENT

3.2 EDUCATIONAL DEVELOPMENT OF SCHEDULED CASTES AND SCHEDULED TRIBES

HIGHLIGHTS

The objectives of the schemes for educational development of Scheduled Castes (SCs) and Scheduled Tribes (STs) remained unachieved due to non-release/ delayed release of funds by the Backward Classes Welfare Department, failure in providing scholarships to the targeted beneficiaries, non-achievement of physical targets, high drop-out rate and non-evaluation of the performance of the students benefited under the schemes. Further, construction of a number of central hostels remained incomplete for a considerable period besides some hostels being utilised for other purposes. Due to deficient fund management, instances of inadmissible payments, irregular expenditures, parking of scheme funds in local fund/personal ledger/deposit accounts, etc, were also noticed.

In respect of Centrally sponsored schemes, 48 to 66 per cent of funds were released during the last quarter of each year resulting in delay in payment of scholarships and other grants to SC/ST students.

(Paragraph 3.2.6.1)

During 2001-2006, against the budget of Rs 1.43 crore for pre-matric scholarship, Rs 0.43 crore (30 per cent) were paid to SC/ST students. In six test-checked districts, 1993 students were deprived of the benefit of the scheme during 2001-2006 due to non-release of funds. Besides, the scheme was not implemented in most of the 97 blocks of these districts.

(Paragraph 3.2.7.1)

In seven test-checked districts, 0.25 lakh SC and 0.04 lakh ST students were deprived of post-matric scholarships due to non-release of required funds. Further, 0.74 lakh students were paid scholarships during 2001-2006 after 12 to 22 months of submission of applications.

(Paragraph 3.2.7.2)

As of March 2006, construction of two central hostels for SC/ST students was not started due to land dispute and construction of seven hostels remained incomplete due to delayed selection of sites and delayed release of funds. Further, eight hostels remained vacant for want of Matron/ Superintendent/other staff and required infrastructure facilities and two hostels were being used as Government office and residence.

(Paragraph 3.2.7.5)

Against the State's budget provision of Rs 92.37 crore for payment of book grant, the Department released Rs 77.80 crore resulting in deprivation of 14.15 lakh students of the benefit of the scheme.

(Paragraph 3.2.8.2)

Abbreviations used in this review have been listed in the Glossary (page 233)

In absence of adequate inspection, hostel grants were paid to the school authorities on the basis of sanctioned strength of boarders, instead of actual number of students accommodated therein. As a result, several instances of excess payment of hostel grants aggregating Rs 39.35 lakh were noticed in audit.

(Paragraph 3.2.8.3)

The department did not fix any norm in respect of minimum number of institutions to be inspected by each inspector. Out of 617 School Attached Hostels in six districts, only 14 in Bardhaman were inspected during 2005-2006.

(Paragraph 3.2.8.6)

3.2.1 Introduction

The Scheduled Castes (SCs) and Scheduled Tribes (STs) constituted 23 and 6 per cent of the State's total population (8.02 crore) respectively as per 2001 Census. The State has a constitutional responsibility of promoting the education and economic interests of the weaker sections of the society and in particular, of the SCs and STs. Accordingly, various educational schemes are being implemented by the Union and State Governments for enabling the SC/ST population to upgrade their educational levels and skills to inculcate self-confidence and self-reliance. The objectives of these schemes include increase in enrolment and retention of SCs/STs in educational institutions as well as increase their representation in jobs and higher educational and professional institutions.

3.2.2 Organisational set up

The Backward Classes Welfare Department (Department) of the State Government is responsible for implementation of the schemes for educational development of SCs and STs. At district level, the schemes are looked after by the Project Officer-cum-District Welfare Officer (DWO) and at block level, the main functionaries are Block Development Officers (BDOs) and Inspectors of the Department.

3.2.3 Audit objectives

The audit objectives were to assess whether-

- the allocation, release and utilisation of funds earmarked for various schemes were judicious, adequate and effective;
- the implementation of various schemes was efficacious, based on reliable data and effective in extending the intended benefits under the schemes;
- the implementation of various programmes through NGOs was effective; and
- the monitoring system at various levels was adequate.

3.2.4 Audit criteria

- Norms and conditions specified in the scheme guidelines;
- Scheme objectives as well as the goals fixed by GOI/State Government for development of education of SCs & STs; and;
- Monitoring mechanism instituted by the Government

3.2.5 Audit Coverage and Methodology

The performance audit of implementation of schemes for educational development of SCs/STs during the years 2002-2007 was conducted during June-September 2006 and February-April 2007 through test-check of records of the Department and Directorate, West Bengal Scheduled Castes & Scheduled Tribes Development and Finance Corporation (Corporation) and DWOs of seven¹ selected districts out of nineteen districts in the State. The districts were selected on the basis of PPSWR². In each sample district, one university (two for capital district-Kolkata), two colleges for girls, four other colleges, two primary schools, two middle level schools, two high schools, two senior secondary schools, one hostel each for SC & ST boys and girls and two/one NGO(s) were selected subject to availability of units on the basis of SRSWOR³.

An entry conference was held (June 2006) with the Principal Secretary of the Department on the organisational network and related operations connected with implementation of the schemes. On completion of audit, the audit observations were discussed (April 2007) with the senior officials of the Department.

Audit Findings

3.2.6 Funding

The expenditure on various Centrally Sponsored schemes for educational development of SCs/STs were shared by the Central and State Governments in the ratio of 50:50; while the scheme for upgradation of merit of SC/ST students was fully financed by GOI. The budget provisions and expenditures towards implementation of Centrally Sponsored schemes for educational development of SCs/STs during the years 2002-2007 were as under:

Year	Budget Provision			Total	Funds released by GOI to State Government	Funds released by State Government (inclusive of Central share)	Expenditure incurred
	Central	State					
		Non Plan	Plan				
		(R u p e e s i n c r o r e)					
2002-2003	6.93	14.89	5.03	26.85	10.49	25.17	24.55
2003-2004	7.35	17.77	1.23	26.35	23.15	34.58	33.49
2004-2005	22.03	26.36	3.94	52.33	11.62	49.94	48.98
2005-2006	30.92	23.85	7.22	61.99	35.65	57.09	54.23
2006-2007	37.15	23.85	6.94	67.94	40.63	63.90	64.70
Total	104.38	106.72	24.36	235.46	121.54	230.68	225.95

¹ Bardhaman, Bankura, Birbhum, Coochbehar, Jalpaiguri, Paschim Medinipur and Kolkata

² Probability Proportionate to Size with Replacement.

³ Simple Random Sampling without Replacement.

The budget provisions and expenditure towards implementation of seven State schemes for educational development of SCs/STs during the years 2002-2007 were as under:

Year	Budget Provision	Fund released	Expenditure incurred
	(R u p e e s i n c r o r e)		
2002-2003	58.15	48.67	47.37
2003-2004	41.90	55.10	51.94
2004-2005	68.33	66.25	64.30
2005-2006	76.94	64.92	62.56
2006-2007	73.53	67.63	59.16
Total	318.85	302.57	285.33

Scrutiny in audit disclosed the following:

3.2.6.1 Delay in release of funds

48 to 66 per cent of funds were released during last quarter of the year

Forty eight to fifty one *per cent* of funds for Central schemes were released to the DWOs during the last quarter of each year during 2002-2004 while 53 to 66 *per cent* of funds were released during the last quarter of each year during 2005-2007. Similarly, during 2006-2007, 62 *per cent* of funds for State schemes were released during the last quarter.

Such delayed release of funds resulted in delays in payment of scholarships to the students and also in execution of other educational development schemes for SCs/STs as discussed in subsequent paragraphs.

In Jalpaiguri and Birbhum districts during 2005-2006, 68 *per cent* of funds (Rs 6.03 crore) meant for post-matric scholarship for SC/ST students were released to the respective DWOs during last quarter of the financial year resulting in delay of about nine to 12 months in payment of scholarship to 4293 students from the date of submission of applications.

3.2.6.2 Parking of funds

Scheme funds of Rs 1.02 crore remaining parked with Corporation for ten years

(i) In absence of any plan for construction of central hostel for SC/ST students (centrally sponsored scheme), grants of Rs 1.02 crore released during March 1995 to March 1997 for construction of hostels were parked with the Corporation in order to avoid lapse of grant. SC/ST students were thus deprived of the hostel facilities for over ten years.

(ii) An unspent amount of Rs 7.13 lakh remained with Jalpaiguri Zilla Parishad (ZP) out of Rs 53.59 lakh, paid in March 1998 for construction of a SC girls' hostel. Although the work was completed in January 2003, no action was taken by the DWO to get the amount refunded from ZP.

3.2.6.3 Overdrawal of scheme funds

In the following cases the DWOs drew funds against the allotment orders which were subsequently cancelled by the department resulting in overdrawal of scheme funds.

(i) The Department sanctioned (July 2005) Rs 78.05 lakh in favour of 18 DWOs for payment of hostel charges for ST students. Subsequently,

the Commissioner of BCW Directorate issued a fresh sanction (September 2005) for the same amount by canceling the earlier sanction. The DWOs of Paschim Medinipur, Bardhaman and Jalpaiguri drew Rs 64.25 lakh (Rs 32.19 lakh against order dated July 2005 and Rs 32.06 lakh against order dated September 2005) during August 2005 to March 2006 resulting in unauthorised drawal of Rs 32.19 lakh against order dated July 2005.

- (ii) The Department sanctioned (July 2005) Rs 8.53 lakh in favour of DWOs of Paschim Medinipur and Jalpaiguri for payment of compulsory charges to ST students. Subsequently, the Department issued (July 2005) a corrigendum sanctioning the same amount for these districts in cancellation of the earlier order. Between October 2005 and March 2006, the DWOs drew Rs 15.96 lakh (Rs 8.53 lakh against order dated 05 July 2005 and Rs 7.43 lakh against order dated 21 July 2005) resulting in unauthorised drawal of Rs 8.53 lakh against order dated 05 July 2005.

In both the cases the concerned treasuries passed the bills without verifying the Government orders. The overdrawn amounts were paid by DWOs to the hostel/school authorities by March 2006 without refunding the same to Government. Thus, in absence of adequate monitoring of the Department over functioning of DWOs, total amount of Rs 40.72 lakh was irregularly drawn by DWOs in excess of the allotted funds.

3.2.7 Implementation of Centrally sponsored schemes

3.2.7.1 Pre-matric scholarship

Under the scheme, monthly scholarship and annual ad-hoc grant were paid to the students up to matriculation level, whose parents were traditionally engaged in unclean occupations like scavenging, flaying and tanning, etc. Such benefits were to be allowed preferably to the families living in non-municipal and rural areas. The following shortcomings in implementation of the scheme were noticed.

- (i) The Department did not conduct any survey to identify the school going children of families engaged in unclean occupations and extended such benefit mainly in the municipal areas in deviation from the guidelines. No database was also maintained for monitoring of the scheme. In absence of required data, the budget was prepared on *ad hoc* basis without assessing the targeted number of eligible students. Further, three⁴ districts were not covered under this scheme for reasons not available on records.
- (ii) Scholarship of Rs 42.74 lakh (30 per cent) was paid during 2001-2006, to 420 to 1873 students per year against the budget provision of Rs 1.43 crore. Out of Rs 42.74 lakh, the expenditure of Rs 25.89 lakh being excess over the committed liability⁵ was to be

Against budget provision of Rs 1.43 crore for pre-matric scholarship, only Rs 0.43 crore (30 per cent) was paid to students

⁴ Paschim Medinipur, Malda and Darjeeling

⁵ Actual expenditure incurred by State under the scheme during the terminal year of 9th Five Year Plan.

shared between the State and Central Governments in the ratio of 50:50. The Central Government released Rs 17.27 lakh during 2001-2005 while no funds were released by GOI in 2005-2006 due to non-utilisation of budgeted funds.

Students of 85 Blocks and 11 Municipalities were not paid pre-matric scholarship

- (iii) Although the number of beneficiaries increased from 420 in 2001-2002 to 1873 in 2003-2004, it subsequently decreased to 732 in 2005-2006. Low coverage was attributed to non-release of funds by State Government despite having budget provisions and failure to identify eligible students in all municipalities and blocks.
- (iv) In six test-checked districts⁶, out of 6123 eligible students, 4130 were paid scholarship and 1993 students were deprived of the benefit of the scheme during 2001-2006 due to non-release of funds even though these students submitted applications for payment of scholarship. Further, out of 97 blocks and 31 municipalities in six test checked districts, scholarship was paid to the students of six to 12 blocks during 2001-2005 and six to 20 municipalities during 2001-2006. No student of 97 blocks was given such scholarship during 2005-2006.
- (v) In Bardhaman district, scholarship was paid to the students for 3 to 6 months only in a year while the ad-hoc grant of Rs 550 per annum was not paid to any student. In Cooch Behar district, no application was invited from the eligible students during 2005-2006 and in Kolkata, scholarship was paid to only two to three students in one school during 2003-2006.
- (vi) Although the DWOs submitted to the department annual statement indicating the number of students to be paid scholarship vis-à-vis requirement of funds during the year, the department did not release the funds according to the requirement of the districts for reasons not available on record.

3.2.7.2 Post-matric scholarship

0.29 lakh students were not paid post-matric scholarship and 0.74 lakh students were paid scholarships after 12 to 22 months of submission of applications

The scheme for post matric scholarship provided financial assistance to SC/ST students whose parents' annual income was less than rupees one lakh per annum, to enable them to complete their education without financial constraints. The assistance included payment of maintenance allowance, reimbursement of compulsory non-refundable fees, thesis typing/printing charges, study tour charges, and book allowance to be paid through banks.

The department had no system for identification of eligible SC/ST students enrolled in post matric classes. On receipt of applications for scholarship in a year, the eligibility of students was not verified. Scholarships were disbursed to students for one full year at a time without verifying the continuity of study. Further, progress of disbursement of scholarship by bank was not monitored and disbursement certificates were not obtained from banks.

⁶ Kolkata, Bardhaman, Cooch Behar, Jalpaiguri, Bankura and Birbhum

In seven test-checked districts, post-matric scholarship of Rs 60.69 crore and Rs 9.14 crore were paid to 2.65 lakh SC and 0.37 lakh ST students respectively during 2001-2006 although 2.90 lakh SC and 0.41 lakh ST eligible students submitted applications for payment of such scholarship. Thus, 0.25 lakh SC and 0.04 lakh ST students were deprived of the benefit of the scheme. Further, 0.74 lakh students were paid scholarships during 2001-2006 after 12 to 22 months from the dates of submission of applications.

3.2.7.3 Up-gradation of merit of SC/ST students

In order to upgrade the merit of SC/ST students, GOI launched (March 1999) the scheme for providing remedial and special coaching to the students of Classes IX to XII. The scheme was introduced in West Bengal during 2002-2003 and considering the SC/ST population in each district, the Department selected seven⁷ districts for implementation of the scheme fixing physical target of 248 SC students (176 boys and 72 girls) and 120 ST students (84 boys and 36 girls) and financial target of Rs 37.20 lakh for SC and Rs 18 lakh for ST students each year. Following deficiencies were noticed in audit:

- (i) Out of GOI grant of Rs 1.08 crore (Rs 89.54 lakh for SC and Rs 18.63 lakh for ST) received during 2001-2006, Rs 8.89 lakh (Rs 8.22 lakh for SC and Rs 0.67 lakh for ST) remained unutilised as of March 2006 while 77 and 57 *per cent* of physical targets of SC (762 against the target of 992) and ST (272 against the target of 480) students respectively were achieved during 2002-2006. Thus, 438 students (230 SC and 208 ST) were deprived of the benefit of the scheme.
- (ii) In Purulia district, no coaching centre was set up due to non-selection of school although grants of Rs 6.84 lakh were allotted to DWO during 2002-2004.
- (iii) In Birbhum district, 98 SC and 43 ST girl students of class IX to XII of five to eight schools were selected for providing special coaching during 2002-2006. Neither the teachers/faculty members were selected nor was any coaching arranged in the schools, though the students were enrolled for coaching. The DWO paid Rs 19.25 lakh (Rs 15000 per year per student) to the students during 2002-2006 without providing coaching facilities and thus the very purpose of payment of grants by GOI remained frustrated.
- (iv) In Jalpaiguri district, 45 SC and 13 ST students of only one school were selected for providing coaching during 2002-2006.
- (v) Special coaching was provided to 122 SC/ST students (Jalpaiguri-22, Birbhum-48, and Bankura-52) of class XII during 2002-2006 at a cost of Rs 54.48 lakh to prepare the students for competitive examinations for entry into professional courses like engineering and medical, but no data was maintained in respect of their success rate in those examinations.

No coaching centre was set up to provide special coaching to students of IX to XII in Purulia and Birbhum districts

⁷ Birbhum, Bankura, Purulia, Jalpaiguri, Uttar Dinajpur, Dakshin Dinajpur and Cooch Behar

227 students of Bankura and Birbhum were paid hostel charges twice during the same period

- (vi) During 2002-2006, 61 SC/ST students of one school⁸ in Cooch Behar were paid hostel charges at Rs 5000 per annum aggregating Rs 2.45 lakh although these students did not stay in any hostel during the said period. Further, hostel charge of Rs 8.39 lakh at Rs 5000 per student per annum was paid to 227 SC/ST students (Rs 6.29 lakh to 185 students in Birbhum and Rs 2.10 lakh to 42 students in Bankura) though they were paid hostel charges of Rs 400 per month for boarding at SAHs during the same period under the State scheme for hostel grant for students residing in SAHs. Thus, these students were paid hostel charge twice during the same period.

DWO, Bankura stated (May 2007) that the overpayment had been made due to some miscommunication of reports and the system of submission of undertakings by the school authorities had been introduced to avoid such double payment. The DWO was, however, silent about steps, if any, taken for recovery of the double payment.

3.2.7.4 Pre-examination training of students for competitive examinations

Pre-examination coaching was to be provided to the students belonging to SC/ST and other backward communities (OBC) for improving their representation and standard of performance in the competitive examinations. This scheme was open for such SC students whose family income was less than Rupees one lakh per annum and for ST students whose family income was less than Rs 44500 per annum.

Against the budget provision of Rs 1.26 crore (Central: Rs 33 lakh; State: Rs 92.82 lakh) during 2001-2006, the Department released only Rs 60.01 lakh of which Rs 21.24 lakh remained unutilised. GOI released only Rs 2.68 lakh (budget provisions: Rs 7 lakh) in 2001-2002 to the State Government and no further funds were released by GOI during 2002-2006.

The Department had two coaching centres at Salt Lake City and Jalpaiguri. Against the target of providing coaching to 862 candidates including 49 OBC during 2001-2006, 646 candidates (75 per cent) including 40 OBC, were provided coaching at these two centers. According to scheme norms, the outstation and local candidates were to be selected in the ratio of 2:1 on the basis of the student capacity of each coaching centre. No outstation candidate was selected in the coaching centre at Salt Lake due to non-availability of hostel facilities. Out of 646 candidates, 123 candidates (19 per cent) including 10 OBCs were appointed in different services⁹.

The DWO, Kolkata stated (July 2006) that poor rate of monthly scholarship, delay in payment of scholarship, lack of hostel facility and inadequate library facility were the main reasons for non-achievement of target.

⁸ Mathabhanga High School

⁹ WBCS: 12, Miscellaneous services: 40, Clerkship: 33, School Service Commission: 38,

3.2.7.5 Central Hostels for SC/ST students

Construction of seven hostels remained incomplete for over one to 13 years

The Department received GOI grants of Rs 7.50 crore during 1990-2006, being 50 per cent cost of construction of 72 central hostels for SC and ST students (SC-34, ST-32 and Combined-6) in different districts. As of March 2006, construction of 63 hostels had been completed and construction of two¹⁰ hostels was not started due to encroachment of allotted land. The available fund of Rs 98.29 lakh received for construction of these two hostels were parked with the Corporation (Rs 56.97 lakh) and PWD (Rs 41.32 lakh). Further, construction of seven hostels remained incomplete for over one to 13 years due to delayed selection of sites coupled with delayed release of funds resulting in cost overrun by Rs 50.03 lakh in respect of three hostels. The details are given in **Appendix 3.4**.

Eleven hostels constructed at a cost of Rs 3.79 crore were either vacant or irregularly used as discussed below:

Two hostels for SC/ST girl students were being utilised for other purposes

(i) One hostel for 60 ST girls at Chanchal in Malda district constructed in June 1996 at a cost of Rs 12.13 lakh was being utilised for accommodating the offices of Sub-Divisional Officer and Sub-Divisional Police Officer. No action was taken for construction of another hostel for ST girls, though the Department requested (June 2003) the District Magistrate to locate a suitable plot of land.

Another hostel for 80 SC girls at Aranghata in Nadia district, constructed in September 2001 (Rs 19.13 lakh) was being used by local police personnel for residential purposes as of March 2007, in spite of request of the Department (October 2001) to the District Magistrate for immediate action for vacating the hostel

(ii) Eight hostels¹¹ constructed between December 2001 and August 2005 remained vacant (March 2007) for want of Superintendent/Matron/other staff. Five of these hostels did not have furniture (1 hostel), electrification (3 hostels), and sanitation and plumbing (1 hostel).

Nine hostels remained vacant for want of required staff, lack of demand and other facilities

One hostel constructed at Asansol in December 1997 at a cost of Rs 21.25 lakh for accommodating 70 ST boy students remained vacant as the educational institutions in the area had their own hostels in their campus.

3.2.7.6 Grant in aid to Non-Government Organisations

GOI (Ministry of Tribal Affairs) released Rs 8.88 crore during 2001-2006 to 28 NGOs for running three non-residential schools, ten residential schools and 15 hostels in 13 districts covering 2709 ST students. In addition, the Ministry of Social Justice and Empowerment released Rs 0.78 crore during 2004-2006 to ten NGOs for running five non-residential schools, four residential schools and one hostel for SC students in five districts. It was, however, observed that Rs 75.10 lakh released to six NGOs during 2001-2006 for running six hostels

¹⁰ Behala and Sonarpur in Kolkata

¹¹ Bardhaman-1, Paschim Medinipur-1, Jalpaiguri-1, North 24-Parganas-2, South 24-Parganas-1, Darjeeling-1 and Bankura-1

of which five had capacity of 50 students and one had capacity of 64 students against the norm of minimum 75 students.

The Department/Directorate did not maintain any record showing the name and location of NGOs in the State, nature of services provided by them, grants received by NGOs, students enrolled, dropped out, passed out and enrolled for further education, etc. Though copy of each sanction order releasing grants to NGOs was endorsed by GOI to the department with direction to the department to inspect the performance of the NGOs, neither the department nor the DWOs monitored the activities of NGOs.

Scrutiny of records of ten NGO¹² run schools showed the following:

High drop out rate of 52 per cent was noticed in NGO run schools

(i) Enrolment of students in final class of primary/upper primary/secondary schools was much less than the enrolment in the initial class indicating high rate of drop out. During 2001-2006, the number of students decreased from 1594 at entry level (class I for primary and class V for upper primary/secondary) to 760 at exit level (class IV/V at primary and Class VIII/X at upper primary/secondary) indicating drop out rate of 52 per cent.

NGO run Secondary Schools not affiliated to any Board

(ii) NGOs did not maintain any record in respect of admission of students in upper primary/secondary schools after completion of study at primary schools. As a result continuity of study by the successful students of NGO-run primary schools was not ascertainable. Moreover, the NGO run secondary schools were not affiliated to any Board and the students had to appear in the Board's Secondary examination through other recognised schools.

(iii) One NGO run girls hostel with the carpet area of 875 sft having 27 cots measuring 3.5 ft. x 6 ft. each was capable of accommodating 27 students. GOI paid grants of Rs 27.45 lakh to the NGO during December 2001 to March 2006 on the basis of sanctioned strength of 100 students without verifying actual occupancy of students in the hostel resulting in an extra payment of Rs 20.04 lakh to the NGO.

(iv) The NGOs did not maintain any hostel register to indicate the students' names, fathers' names, addresses, etc, of the students. In absence of the same actual occupancy of students in the NGO run hostels was not verifiable.

3.2.7.7 Ekalavya Model Residential School

The GOI (Ministry of Welfare) provided (1998-2006) non recurring grant of Rs 14.50 crore for construction of five¹³ residential tribal schools (Ekalavya Model Residential Schools) for class VI to XII and recurring grant of

¹² Gohaldiha Jati Upjati Blue Bird Women's Welfare Centre, Sidhu Kanu Education Society, Harijan Sevak Sangha, Birsha Munda Education Centre, Sri Sri Haricand Matua Sevashram Trust, Central SC & Tribal Association, Bhatar Dr. B R Ambedkar Abasik Sikshaniketan, Bharat Sevashram Sangha, Bolpur, and Bharat Sevashram Sangha, Suri

¹³ Paschim Medinipur, Purulia, Bankura, Bardhaman and Jalpaiguri

Rs 3.50 crore for running the schools up to 2005-2006. The student strength of each school was to be 420 in seven classes (VI to XII) with the capacity of 60 students in each class. Five schools started functioning in August 2002 with 600 students (60 students in each of class VI and VII for 2002-2003 session).

Residential Tribal Schools were running with 61 per cent capacity

Test-check of records of two schools (Paschim Medinipur and Jalpaiguri) showed that against 120 students admitted in each of class VI and VII in 2002-2003 the number of students in class IX and X in 2005-2006 was only 70 and 40 respectively indicating the corresponding drop out rate of 42 and 67 per cent. In classes VI to X, against the original strength of 600, actual number of students on roll in these two schools was 366 during 2005-2006 session, indicating utilization of only 61 per cent of student capacity. Thus, the maintenance of the residential schools for tribal students proved to be largely unfruitful.

3.2.8 Implementation of State schemes

3.2.8.1 Scholarship to meritorious students

The Department paid scholarship of Rs 100, Rs 125 and Rs 150 per month to meritorious SC/ST girls students of class V-VI, VII-VIII, IX-X respectively and special scholarship of Rs 400 per month to meritorious SC/ST students (boys and girls) of class IX-XII in order to help them to be prepared for medical, engineering, technical, higher studies and competitive examinations.

During 2001-2006, against budget provision of Rs 1.76 crore for merit scholarship, the Department disbursed Rs 2.06 crore for payment of scholarship to 13672 girl students (2415 to 2920 students in a year). On the other hand, against budget provision of Rs 4.67 crore for payment of special scholarship, the department disbursed Rs 2.73 crore for payment of scholarship to 5690 students (1127 to 1156 students in a year). The following deficiencies were noticed:

Only 35 to 65 schools out of 800 schools in Bardhaman submitted applications for scholarships due to lack of initiative of the school authorities

- (i) In Bardhaman district, due to lack of initiative on the part of the school authorities, District Selection Committee (DSC) received applications from the students of only 35 to 65 schools in a year out of 800 schools in the district. Further, out of 352 girls and 200 boys/girls selected by DSC for payment of merit/special scholarship respectively, only 220 girls and 138 students were paid such scholarships depriving 194 students.
- (ii) The scheme envisaged maintenance of the list of beneficiaries to monitor the progress of students receiving special scholarship. No application register was maintained to record the particulars of students (viz. name, class, name of school and marks obtained, etc.) to whom scholarship/special scholarship was paid. Performance of the students receiving special scholarship, in competitive examinations was never evaluated by DWOs.
- (iii) Special scholarship was to be paid through the bank accounts of students, but the DWO of Cooch Behar paid scholarship of Rs 1.97 lakh for 41 students, to the school authorities.

3.2.8.2 Book grant and examination fees

Book grant of Rs 20 to Rs 200 per annum was paid to SC/ST students studying in class V to X for purchase of books and payment of examination fees for Madhyamik Examination. A test-check of records showed the following:

- (i) Against the budget provision of Rs 92.37 crore (SC: Rs 77.50 crore and ST: Rs 14.87 crore), the Department released Rs 77.80 crore (Rs 66.10 crore for SC and Rs 11.70 crore for ST) during 2001-2006. The reason for short release of funds was not on record. Out of total student population of 93.06 lakh (78.29 lakh SC and 14.77 lakh ST) in the State during 2001-2006, 78.91 lakh students were paid book grants aggregating Rs 75.80 crore and 14.15 lakh students were deprived of the benefit of the scheme.
- (ii) The department had no system for identifying the SC/ST students in every school for payment of book grant. No Application Register was maintained to record serially the applications received (institution-wise) and payments made there against. The Inspectors did not verify the caste certificates of applicants to ensure genuineness of the claims and acquaintance rolls of previous year's disbursement to avoid payment of grants to repeaters in the same class.
- (iii) In seven test-checked districts, out of allotted funds of Rs 32.80 crore, the DWOs paid book grants of Rs 31.57 crore to 32.35 lakh students against 37.19 lakh identified students. Out of 3795 schools in these districts the DWOs disbursed book grant to the students of 2352 to 2845 schools in a year during 2001-2006. The students of remaining schools were not given book grants mainly due to lack of initiatives of the school authorities.
- (iv) In Bankura district, book grant of Rs 82.20 lakh was paid to 0.91 lakh students against enrolment of 0.86 lakh SC/ST students (V to X) during 2001-2002 resulting in excess payment of Rs 3.67 lakh to 5000 non-SC/ST students. The DWO, Bankura stated (May 2007) that there had been no instruction in this regard. The contention of DWO was not tenable because the number of students (including SC/ST) enrolled in all the schools in the district was compiled by the District Inspector.
- (v) During 2001-2006, 1480 SC/ST students of class X in Kolkata were not paid examination fees for madhyamik mainly due to lack of initiative of schools, even though grants of Rs 2.16 lakh was surrendered during the period.

**14.15 lakh SC/ ST
students were not paid
book grants during
2001-2006**

3.2.8.3 Hostel grant for SC/ST students residing in school hostels

SC/ST students studying in pre-matric stages, whose family income was less than Rs 18000 per annum (Rs 36000 per annum with effect from 2005-2006), were eligible for hostel grant of Rs 400 per month for 10 months annually. The hostel grant of Rs 4000 per student per annum was to be paid to the

school authorities in three instalments on verification of actual occupancy in the school attached hostels (SAHs). During 2001-2006, against the budget provision of Rs 108.63 crore, hostel grant of Rs 107.42 crore was paid to 1.57 lakh SC and 1.38 lakh ST students against the target of 1.64 lakh SC and 1.44 lakh ST students.

Scrutiny of records of test-checked districts disclosed the following:

- (i) Inspectors of the Department were to submit report on hostellers' attendance, on the basis of which hostel grants were to be paid to school authorities. Out of 617 SAHs in six districts¹⁴, such reports were submitted for only 14 SAHs during 2005-2006. In absence of adequate inspection, hostel grants were paid to the schools on the basis of sanctioned seats of each SAH without verifying actual number of hostellers. In three of these districts¹⁵, hostel grants of Rs 93.58 lakh was paid to 61 school authorities during 2001-2006 for 2395 students against the sanctioned strength of 1876 students resulting in excess payment of Rs 19.10 lakh for 519 additional students.
- (ii) In two districts¹⁶, hostel grants of Rs 2.67 crore for 4388 SC and 2573 ST students were paid to the respective school authorities in one instalment during each of the years 2002-2006. Further, in three districts¹⁷ hostel grants of Rs 47.11 lakh for 1685 SC and 1827 ST students for each of the years 2001-2006 were paid to school authorities during subsequent years.
- (iii) The student strength of two SAHs with total available space of 3928 sq. ft. in Bardhaman was increased¹⁸ from 180 to 300 during 2001-2006 and hostel grants of Rs 56.36 lakh was paid to the school authorities during 2001-2007 on the basis of sanctioned strength of the hostels without verifying actual number of hostellers.

Hostel grants were paid to the school authorities without verifying actual number of students accommodated in the hostels

Due to enhancement of sanctioned strength only 12 to 15 Sq ft space was available for each students of these two hostels against minimum space requirement of 25 sq ft per head (size of cot: 3 ft x 6 ft). Considering minimum space requirement, maximum 157 students could be accommodated in these two hostels while 147 students were physically present in these hostels during the day of visit (17 September 2007) of the audit team. The hostel authorities, however, stated that 65 students were on leave on that day.

Thus, payment of hostel charges to school authorities without verifying actual occupancy resulted in an overpayment of Rs 20.25 lakh for 23 to 143 excess boarders during 2001-2007, whose accommodation in the hostel was doubtful.

¹⁴ Paschim Midnapore, Bardhaman, Cooch Behar, Birbhum, Bankura, and Jalpaiguri

¹⁵ Paschim Medinipur, Bardhaman, and Cooch Behar

¹⁶ Paschim Medinipur and Bardhaman

¹⁷ Paschim Medinipur, Bardhaman and Cooch Behar

¹⁸ 180 in 2001-2002, 215 in 2002-2003, 225 in 2003-2004, 234 in 2004-2005 and 300 in 2005-2006 and 2006-2007.

3.2.8.4 Maintenance grant for SC/ST students

Maintenance grant at Rs 40 per month was payable to pre-matric students whose parents' annual income was up to Rs 36000 and did not stay in the hostels. During 2001-2006, maintenance grants of Rs 58.55 crore was paid to 12.47 lakh students (Rs 26.13 crore to 5.56 lakh SC and Rs 32.42 crore to 6.91 lakh ST students).

Maintenance grants of Rs 55 lakh was not disbursed by BDOs depriving 11440 students of the benefit of the scheme

In six test-checked districts¹⁹, DWOs irregularly released Rs 33.52 crore during 2001-2006 to 126 Blocks and 31 Municipalities without obtaining acquaintance rolls and utilisation certificates (UCs) in respect of funds released during earlier years. Instead, DWOs submitted UCs to the department for Rs 33.52 crore released by them to Blocks/Municipalities during 2001-2006 without verifying actual payment of grants to students.

In eight blocks out of Rs 5.04 crore released during 2001-2006, Rs 0.55 crore remained undisbursed depriving 11440 students of the benefit of the scheme.

In Bardhaman, no grant was released to two Panchayat Samitis (Barboni and Jamuria) and three Municipalities (Jamuria, Kulti and Raniganj) for two to three years during 2001-2006 depriving 2100 students (1750 SC and 350 ST) of the benefit of the scheme.

3.2.8.5 Ashram Hostels without basic facilities

The department provided grants of Rs 400 per month per student to the authorities of educational institutions for maintenance of ashram hostels for SC/ST boys/girls up to matric level. During 2001-2006, against budget provisions of Rs 24.40 crore, grants of Rs 22.88 crore was paid to the authorities of 281 hostels (capacity: 8400 students) for accommodating 7755 to 8310 students per year.

Forty two Ashram hostels with capacity of accommodating 840 students in two districts (Paschim Midnapore and Bankura) were running without the facilities of electricity (14), Urinal (12), latrine (10), urinal and latrine (3) and drinking water (3).

3.2.8.6 Inadequate Inspection of schools

As of March 2006, against the sanctioned strength of 341 Inspectors, 268 inspectors were in position and in six test-checked districts 107 inspectors were in position against sanctioned strength of 126. The department did not fix any norm in respect of minimum number of institutions to be inspected by each inspector. Out of 617 SAHs in six districts²⁰, only 14 in Bardhaman were inspected during 2005-2006. The DWOs of other districts could not furnish any information on inspections.

The Inspectors were responsible for receipt and processing of applications for scholarship, verification of caste and income certificates, etc, and collection of

¹⁹ Bardhaman, Cooch Behar, Jalpaiguri, Bankura, Birbhum and Paschim Medinipur

²⁰ Paschim Midnapore, Bardhaman, Cooch Behar, Birbhum, Bankura, and Jalpaiguri

utilisation certificates from institutions and banks. The applications were, however, processed only on the basis of certificates embodied on the applications by the heads of the institutions without any verification of caste and family income. Receipt of applications from all eligible candidates was also not ensured by the Inspectors. The inspectors never visited the institutions to verify utilisation of funds and continuity of studies by the students benefited under the schemes. In respect of the institutions inspected, the Inspectors did not furnish any report indicating scheme wise progress in terms of number of students benefited, amount disbursed, etc. Thus, the schemes for educational development of SCs/STs were not properly supervised and monitored by the Inspectors.

3.2.9 Monitoring and evaluation

Monitoring mechanism over implementation of schemes was not adequate

District Welfare Committee, under the chairmanship of Sabhadhipati of concerned Zilla Parishad, reviewed from time to time the performance of various schemes implemented in the respective districts including the schemes for educational development of SCs/STs.

The Principal Secretary of the Department directed (April 2005) to set up monitoring committees under the chairmanship of District Magistrates for reviewing the progress of the schemes for educational development of SCs/STs. No such committee was formed in the test-checked districts till March 2007. The performance of the schemes was also never evaluated.

3.2.10 Impact evaluation

Against 3.78 lakh SC and 0.75 lakh ST students enrolled in class-V during 2001-2002, the numbers of SC and ST students enrolled in class-VIII during 2004-2005 were 2.28 lakh and 0.42 lakh respectively indicating drop out rate of 40 per cent for SC and 44 per cent for ST. Similarly, against 4.19 lakh SC and 0.78 lakh ST students enrolled in class-V during 2002-2003, the numbers of SC and ST students enrolled in class-VIII during 2005-2006 were 2.53 lakh and 0.46 lakh respectively indicating drop out rate of 40 per cent for SC and 41 per cent for ST. Thus, the objective of the scheme for increasing enrolment and retention of SC/ST students in schools did not materialise.

During 2001-2006, out of 6.39 lakh SC and 1.12 lakh ST students appeared in secondary examination, 3.68 lakh SC (58 per cent) and 0.58 lakh ST (52 per cent) students were successful while 0.31 lakh SC (8 per cent) and 0.03 lakh ST (5 per cent) students passed in first division. Similarly, against 3.68 lakh SC and 0.52 lakh ST students appeared in higher secondary examination, 1.88 lakh (51 per cent) SC and 0.22 lakh (42 per cent) ST students were successful. Thus, 42 to 58 per cent of SC/ST students were not successful in the secondary/higher secondary examinations.

3.2.11 Conclusion

The schemes failed to demonstrate a desired impact on the SC/ST students mainly due to failure in providing scholarships to the targeted beneficiaries in due time, non-achievement of physical targets, high drop-out rate, and

non-evaluation of the performance of the students benefited under the schemes.

Deficient fund management led to non-release or delayed release of scheme funds, inadmissible payments, incurring of irregular expenditures, etc. and parking of scheme funds in local funds/deposit accounts while utilisation certificates were furnished by the DWOs on the basis of funds released to the institutions/banks without ensuring payment of scholarships to students. Further, delayed construction of central hostels resulted in extra expenditure towards cost escalation besides deprivation of eligible students of the benefit of hostel accommodation. In addition, a number of hostels constructed for the SC/ST students were being utilised for other purposes. Hostel grants were paid to the school authorities on the basis of sanctioned capacity of hostels without verifying actual occupancy.

The schemes also suffered from lack of supervision and monitoring due to non-maintenance of required records, inadequate visits to the institutions by the Inspectors and non-formation of district level monitoring committees.

Recommendations

- *The Department should release the scheme funds to DWOs in time to ensure payment of scholarships/grants to the targeted students.*
- *DWOs should ensure submission of utilisation certificates by the Banks after disbursement of scholarships to the students.*
- *Immediate action should be taken for completion of construction of all the sanctioned central hostels;*
- *Each school of the districts should forward applications for book grants for the SC/ST students and steps should be taken against the schools for lack of initiative, if any, on their part;*
- *Norms should be prescribed for inspections of the institutions for proper follow up of the implementation of schemes; and*
- *District level monitoring committee should be formed immediately for effective supervision and monitoring of the schemes.*

The matter was reported to Government in August 2007; reply had not been received (September 2007).

URBAN DEVELOPMENT DEPARTMENT

3.3 WORKING OF ASANSOL DURGAPUR DEVELOPMENT AUTHORITY

HIGHLIGHTS

Asansol Durgapur Development Authority (ADDA) was constituted in April 1980 with the main objective of ensuring planned and integrated development of Asansol-Durgapur Planning Area (ADPA). Out of 400480 acres of planning area notified in March 1980, the Land Use and Development Control Plan (Plan) for only 38103 acres was prepared. In absence of the Plan, the development work suffered to a considerable extent. Out of 1544 acres land acquired by ADDA for infrastructure development, 1271 acres remained unutilised. The performance of ADDA also suffered from inept financial management leading to huge shortfall in collection of revenue and loss of interest on investments. There were instances of huge avoidable expenditure on acquisition and development of land, undue aids to lessee coupled with lack of monitoring and supervision by the State Government.

Despite having surplus funds, ADDA did not repay any part of the State Government's dues of Rs 75.87 crore as of March 2007.

(Paragraph 3.3.7.1)

In absence of prudent fund management, ADDA failed to fruitfully invest its surplus funds resulting in loss of interest of Rs 1.93 crore.

(Paragraph 3.3.7.2)

In absence of effective action for realisation of rent and water charges, Rs 27.01 crore remained unrealised as of March 2007, out of which chances of recovery of Rs 11.73 crore were remote.

(Paragraph 3.3.7.3)

Due to delayed payment/inadmissible payment of compensation and initiating process of acquisition of land without assessing viability of a scheme, ADDA incurred an extra expenditure of Rs 1.33 crore on acquisition of land.

(Paragraph 3.3.8.1)

ADDA extended undue benefit of Rs 6.42 crore to private entrepreneurs by less fixing of price of land, allowing inadmissible rebates on lease premium, and allotting land in excess of requirement at substantially reduced price.

(Paragraphs 3.3.8.2 to 3.3.8.5)

By entrusting the land development work to a private firm at much beneficial terms coupled with its failure to evict the unauthorised occupants of the land, ADDA sustained a loss of revenue of Rs 29.22 crore.

(Paragraph 3.3.9.1)

Abbreviations used in this review have been listed in the Glossary (page 233)

3.3.1 Introduction

Asansol Durgapur Development Authority (ADDA) was constituted (April 1980) under the West Bengal Town and Country (Planning and Development) Act, 1979 (Act) with the main objective of ensuring planned and integrated development of Asansol Durgapur Planning Area (ADPA) by providing facilities like land, roads, drainage system, housing complex, industrial estates, marketing complex, water, electricity, etc. ADPA comprises 602 mouzas¹ covering total area of 1620.723 sq km (400480 acres).

3.3.2 Organisational set up

ADDA functions under the administrative control of Urban Development Department and its activities are managed by a Board² constituted by the State Government under Section 11 of the Act. The Chief Executive Officer (CEO), who is the Member-Secretary of the Board, superintends day-to-day activities of ADDA and is assisted by three Assistant Executive Officers, one Finance Officer and 167 regular staff of different cadres and 48 personnel under contract service. Audit of annual accounts of ADDA was entrusted to the Comptroller and Auditor General of India by the State Government in pursuance of Section 111 of the Act.

3.3.3 Audit objectives

The objective of audit was to see whether

- the planning for development of ADPA was adequate;
- the financial management was prudent;
- the system of raising bills for rents, water charges, etc, and enforcing recovery thereof was effective;
- the land acquired by ADDA for different purposes were fruitfully utilised, and leasing of land for industrial purpose was cost effective; and
- the monitoring over various activities was effective.

3.3.4 Audit criteria

The audit criteria used for framing audit comments were as under:

- Norms and procedures laid down in West Bengal Town and Country (Development and Planning) Act, 1979 and Development Authority (Audit and Accounts) Rules, 1981 (DA Rules);
- Guidelines of individual schemes framed by Government of India and executed by ADDA;
- Monitoring mechanism formulated by the State.

3.3.5 Audit coverage and Methodology

The performance audit of ADDA was conducted during March-April 2007 covering its activities during the period 2002-2007. Before taking up audit, the

¹ Geographical area of demarcation for identification of land in land revenue records

² Comprising 11 members including the Chairman

matter was discussed (November 2006) with the Joint Secretary of Urban Development Department and the CEO of ADDA to ascertain the activities of ADDA as well as schemes executed by ADDA during 2002-2007. On completion of audit, the audit observations were also discussed (April 2007) with the CEO. The important audit findings are given in the following paragraphs.

Audit Findings

3.3.6 Developmental Plan

According to Section 31 of the Act, every Development Authority shall, within two years of declaration of a planning area, prepare the Land Use and Development Control Plan (Plan) with the approval of the State Government indicating the manner in which the land should be utilised and allocated for various purposes³.

ADDA prepared the Plan for 39 mouzas covering 38103 acres in Durgapur in February 1991; while the Plan for remaining 362377 acres⁴ of land (notified in March 1980) in Asansol and Durgapur had not been prepared even after 27 years of notification of planning area. As a result, ADDA failed to assess and identify the areas available for various developmental works. Further, ADDA did not prepare any time frame for utilisation of acquired land.

The CEO stated (June 2007) that the Plan was not prepared due to shortage of manpower. Reply was not tenable because preparation of the Plan for the notified area within two years of notification was the statutory responsibility of ADDA, whereas it failed to prepare the same even within 27 years of notification.

Out of 1544 acres land acquired by ADDA in Asansol, 1271 acres (82 *per cent*) remained unutilised as of March 2007. ADDA could not produce any record in respect of areas of land acquired in Durgapur and utilisation thereof. ADDA approached Block Land and Land Reforms Officers (BLLROs) in Durgapur during July 2005 to August 2006 for issuing record of rights (ROR) in favour of it in respect of 1796.241 acres of land under West Bengal Land Reforms Act, 1955. Records regarding utilisation of such land were not made available in audit.

3.3.7 Financial Management

ADDA received funds through loans from State Government and grants/subsidy from State/Central Governments. Besides, ADDA earned its own revenue from lease rent of land/flats/shop rooms, etc. and water charges.

The land use plan for 362377 acres of planning area was not prepared even after 27 years of notification

³ Residential, commercial, industrial, agricultural, natural scenic beauty, natural resources, fisheries, public and semi-public open space, parks, playgrounds etc.

⁴ 206427 acres in Asansol and 155950 acres in Durgapur

3.3.7.1 Non-preparation of budget

Annual budgets were not prepared

According to Section 110 of the Act read with DA Rules, ADDA was to submit to the State Government its budget for the next financial year on or before 1 November every year, showing the estimated receipts and expenditures in prescribed forms. ADDA did not prepare any budget for the years from 2002-2003 to 2006-2007 and the developmental schemes were taken up on the basis of availability of funds from the State Government.

In terms of Section 111 of the Act read with Development Authority (Audit and Accounts) Rules, 1981, ADDA was to prepare its annual accounts within 1 June every year. The accounts for the years 2002-2006 were submitted for audit after delays ranging from seven to 21 months from the due dates of submission; accounts for 2006-2007 had not been finalised as of May 2007. The provisional accounts for 2006-2007 disclosed accumulated surplus of Rs 89.26 crore. The summarised position of total income and expenditure of ADDA during 2002-2007 is shown below:

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007 ⁵
	(R u p e e s i n c r o r e)				
Surplus carried over	29.92	33.11	39.42	39.43	48.47
Total Income	13.04	20.03	25.77	30.53	64.82
Total expenditure	9.85	13.72	25.76	21.49	24.03
Accumulated Surplus	33.11	39.42	39.43	48.47	89.26

Outstanding principal and interest on Government loans stood at Rs 75.87 crore

Thus, the ADDA had accumulated a surplus of Rs 89.26 crore at the end 31 March 2007. Despite this, there was lack of seriousness on the part of ADDA in repaying Government loans. As of March 2007, ADDA obtained loans aggregating Rs 36.61 crore from State Government at rates of interest varying from nine to 15.5 per cent per annum. Till March 2007, overdue instalments of loan together with interest amounted to Rs 75.87 crore⁶. The Department did not take any action for recovery of dues.

3.3.7.2 Loss of interest owing to parking of funds in current account

ADDA maintained four current accounts with banks in addition to nine savings accounts and retained Rs 0.30 crore to Rs 5.84 crore in these current accounts during April 2001 to December 2006, thereby sustaining a loss of interest of Rs 42.68 lakh (at rates varying from 3.5 to 4 per cent). The current accounts were converted into savings accounts between July 2004 and December 2006.

Imprudent investment in short term deposits led to loss of interest of Rs 1.50 crore

Besides, ADDA did not prepare any cash flow statement to assess its requirement of liquid funds so as to gainfully invest its surplus funds in term deposits. During May 1999 to June 2006, ADDA invested/renewed Rs 8.60 crore to Rs 15.60 crore in short term deposits for 46 days to 366 days. ADDA failed to derive the maximum benefit of the surplus funds by investing the same in long-term deposits which carried higher rates⁷ of interest, even

⁵ Provisional accounts

⁶ Overdue principal : Rs 22.71 crore; interest : Rs 53.16 crore

⁷ Long term deposits carried interest rates varying between 7.75 and 10.5 per cent, while that of short term deposits varied from 5.25 to 10.25 per cent

though the funds remained parked in banks for years together. This resulted in further loss of interest of Rs 1.50 crore during 2002-2007.

3.3.7.3 Non-realisation of revenue

ADDA collects license fees, rents from the occupants of residential quarters as well as marketing/office complex of ADDA. It also supplies treated water to the Industries and residents and collects water charges from the consumers.

Although a considerable number of industries and tenants did not pay the bills raised by ADDA for rent and water charges for years together, it did not take any action against the defaulters by invoking the penal clause of the agreements. ADDA was authorised to disconnect the supply of water if the bill remained unpaid after expiry of 30 days from the date of raising bill, but no such action was taken by ADDA. As a result, the aggregate amount of outstanding dues increased from Rs 19.81 crore in March 2002 to Rs 27.01 crore in March 2007. Of this, recovery of Rs 11.73 crore was doubtful and the same was charged to income and expenditure account for the year 2004-2005. The year wise analysis of outstanding dues of Rs 27.01 crore, however, could not be furnished by ADDA.

Test-check in audit, however, showed that out of Rs 27.01 crore, Rs 7.20 crore remained unrealised for three months to more than 25 years. Interest paid by ADDA on loan of an amount equivalent to the blocked fund at borrowing rates of ADDA amounted to Rs 4.24 crore upto March 2007.

In addition to above, ADDA was to realise lease rent at Rs 100 per acre per year in terms of the lease agreements executed with the industries for long term lease of land. During 2002-2007, ADDA did not raise bills for lease rent and thus, it sustained a further loss of revenue of Rs 15.59 lakh.

3.3.8 Acquisition and leasing of land

During 2002-2007, ADDA spent Rs 6.57 crore towards acquisition of land. Test-check of records relating to payment of compensation amounts disclosed the following:

3.3.8.1 Extra/unfruitful expenditure towards payment of compensation

During 2002-2007, LA Collector issued awards in four cases for acquisition of 199.985 acres of land by ADDA. In connection with the land acquisition cases, ADDA incurred extra expenditure of Rs 1.33 crore in following cases:

- (i) ADDA took possession of 4.21 acres of land in April 1980 acquired by erstwhile Durgapur Development Authority (DDA) but it did not pay compensation of Rs 6.46 lakh to the landowners till February 1989, when the landowners moved to Calcutta High Court for payment of their dues. As a result, ADDA had to pay Rs 96.46 lakh in March and May 2006 (Rs 48.23 lakh each) on the basis of High Court order towards enhanced value of land and additional compensation thereon. In an affidavit ADDA stated that the compensation had not been paid to the landowners as the records of the proceedings were not traceable. Thus, delayed payment of compensation resulted in an extra expenditure of Rs 90 lakh.

Revenue of Rs 27.01 crore remained unrealised of which recovery of Rs 11.73 crore was considered doubtful and was written off

Delayed completion of acquisition process led to extra expenditure of Rs 90 lakh

- (ii) According to Section 23 (1A) of Land Acquisition Act, 1894, in addition to the market value of land, an additional compensation calculated at 12 per cent per annum on the market value was to be paid to the landowners for the period commencing from the date of notification to the date of award of the Collector or date of taking possession, whichever was earlier. In computing the period referred to in this sub-section, any period during which the acquisition process remained held up on account of any stay or injunction by order of any court, shall be excluded.

Against a petition filed by the owner of the acquired land (2.71 acres in Asansol) before the Calcutta High Court, the Court passed order (March 1994) of injunction and subsequently vacated the same in August 2002. According to the provisions of the Act, additional compensation was not payable for this injunction period. The LA Collector while fixing (August 2005) the acquisition cost (Rs 64.20 lakh including additional compensation of Rs 34.50 lakh) ignored the period of injunction. ADDA did not verify the acquisition cost worked out by LA Collector and took up the matter with the Collector for revision of the cost in terms of section 13A (1) of the Act. It paid Rs 64.20 lakh (Rs 8.07 lakh in April 1988, Rs 55.72 lakh in September 2005 and Rs 0.41 lakh in January 2006) resulting in an extra expenditure of Rs 18.73 lakh.

- (iii) In November 2002, ADDA requested the LA Collector, Bardhaman to acquire 128 acres of land required for expansion of Mongalpur Industrial Estate and out of acquisition cost of Rs 1.71 crore estimated (November 2003) by LA Collector, ADDA paid Rs 85.48 lakh to the Collector in August 2004. Subsequently in March 2005, ADDA informed the Collector to stop the process of acquisition on the ground that the project would not be viable due to high cost of acquisition of land and to refund the amount paid by it. LA Collector adjusted (September 2005) Rs 61.41 lakh against the cost of another case of land acquisition after deducting Rs 24.07 lakh on account of establishment/ contingency/ legal charges. Thus, by initiating the acquisition process without assessing the financial viability of the scheme, ADDA incurred an unfruitful expenditure of Rs 24.07 lakh.

3.3.8.2 Loss due to leasing of industrial land at lower rate

Leasing of land at lower rates led to loss of revenue of Rs 3.84 crore

For leasing of land to industries, the lease premium for each plot of land at Durgapur was fixed by the Board in November 1996 considering the location of the sites and availability of required infrastructure. During 2002-2007, ADDA leased out 456.420 acres of land to 136 industries. Six industries were allotted 152.059 acres of land at Durgapur at rates varying from Rs 2 lakh to Rs 4.50 lakh per acre against the fixed rates of Rs 4 lakh to Rs 6.05 lakh per acre as detailed in *Appendix-3.5*. Thus, ADDA extended an undue benefit to these industries without any valid reason resulting in a loss of Rs 3.84 crore.

3.3.8.3 Loss due to inadmissible rebate

ADDA allowed rebate of Rs 0.84 crore (35 per cent of land premium) to four entrepreneurs for 19.865 acres of land, allotted during January 2004 to

October 2004 in the export promotion industrial park at Durgapur, subject to the conditions that the entrepreneurs should pay the entire amount of land premium before taking possession of land (15 *per cent* rebate allowed) and start production within one year from the date of taking over physical possession of land (20 *per cent* rebate allowed). No follow up was done to ensure fulfillment of either of the conditions.

Inadmissible rebate resulted in loss of revenue of Rs 0.59 crore

The entrepreneurs did not pay the entire land premium before taking possession of land and none of them started production within one year from the date of taking physical possession of land. Thus, the rebate of Rs 59.48 lakh, which had been allowed was not admissible to these entrepreneurs.

3.3.8.4 Undue financial benefit offered to a joint sector unit

ADDA formed (February 2001) a joint sector company viz. Bengal Shristi Infrastructure Development Company Limited (BSIDC) with Shristi Infrastructure Development Corporation Limited (SIDC), a private company, for setting up a residential-cum-commercial complex at City Centre, Durgapur. According to the joint sector agreement, both ADDA and SIDC were to hold equity shares of 49.5 *per cent* each in BSIDC and ADDA was to provide land as its equity participation. The balance one *per cent* of equity shares was to be issued to public.

While handing over 4.29 acres of land as its contribution to the share capital, ADDA handed over (May 2001) 0.68 acre of land valuing Rs 24.77 lakh free of cost. Further, the CEO allowed 20 *per cent* rebate (Rs 28.28 lakh) on the price (Rs 1.41 crore) of 3.61 acres of land handed over in May 2001 (2.74 acre) and September 2005 (0.87 acre) on the ground that 20 *per cent* of land would be used for common facilities like roads, drainage, etc. The ground was not acceptable as BSIDC had acknowledged taking over of the whole area of land at the fixed price and there was no provision for allowing rebate in the joint sector agreement. Subsequently, when the matter was placed before the Board, it disallowed 20 *per cent* rebate on the price of land. However, no recovery was made from BSIDC till May 2007. Thus, by allowing an undue benefit to the joint sector unit, ADDA sustained a loss of Rs 53.05 lakh.

The CEO stated (June 2007) that they had raised a demand on BSIDC in May 2007 for recovery of 20 *per cent* deduction allowed earlier for bulk land.

3.3.8.5 Loss due to allotment of land in excess of requirement

In response to an application (May 2001) of SKS Educational & Social Trust (Trust) for allotment of 5 acres of land at Mongalpur for setting up an English medium school, ADDA leased out (June 2001) 10 acres of land at the reduced rate of premium of Rs 0.50 lakh per acre against the fixed rate of Rs 15.12 lakh per acre on the ground that there was a need of such school in the area. There was no recorded reason for allotment of the excess land. The Trust allotted (January 2005) only two acres of land to the School Management Committee for setting up the school. Thus, by allotting eight

Allotment of land in excess of requirement and allowance of reduced price led to loss of Rs 1.46 crore

acres of land in excess of requirement and by allowing reduced rate of premium ADDA sustained a loss of Rs 1.46 crore.

3.3.9 Execution of civil works

During 2002-2007, ADDA placed 395 work orders valuing Rs 56.19 crore for development of land, construction/strengthening/widening/repairing of roads, etc, of which 337 works valuing Rs 35.34 crore were completed by March 2007. Eighty five works were completed with time over run varying from one to 20 months mainly due to delayed handing over of work site, delay in supply of departmental materials, fund constraint, etc, while 12 works were completed with cost overrun of Rs 0.52 crore. Test-check of records relating to 36 completed works valuing Rs 24.95 crore disclosed the following:

3.3.9.1 Loss of revenue due to extension of undue benefit to a private company

Entrustment of development work at much beneficial terms led to loss of Rs 29.22 crore

According to the terms of an agreement executed (July 1999) by ADDA with Bengal Ambuja Housing Development Limited (BAHD) for development of 154 acres of land in City Centre, Durgapur, BAHD was to pay a lump sum amount of Rupees one crore towards the cost of land and after development of land, 39 acres of developed land was to be transferred to ADDA free of cost; while the remaining 115 acres were to be leased out by BAHD itself. In case of any variation in the gross land area handed over by ADDA, the area of developed land to be given to ADDA would proportionately increase or decrease.

ADDA handed over (November 1999) 122.81 acres of land to BAHD on payment of proportionate amount of Rs 77.57 lakh for 119.51 acres of land (excluding 1.89 acres for forestry, high tension corridor, etc, and 1.41 acres encroached by unauthorised occupants). After development of land, BAHD handed over 28.64 acres of developed land to ADDA and paid Rs 52.14 lakh after deducting development cost (Rs 2.77 lakh) and supervision and marketing charge (Rs 8.24 lakh) from the sale proceeds (Rs 63.15 lakh) of 1.45 acres of land at the rate of Rs 72000 per cottah (60.5 cottah per acre) disposed of by BAHD out of ADDA's quota of developed land.

Thus, by entrusting the work of development of 119.51 acres of land to BAHD at much beneficial terms instead of executing the work by ADDA itself, it sustained a loss of revenue of Rs 29.22 crore⁸. Besides, ADDA paid development, supervision and marketing charges for 1.45 acres of land sold by BAHD out of ADDA's quota resulting in an extra expenditure of Rs 11.01 lakh although BAHD was liable to hand over such land free of any charge.

⁸ Sale value of 119.51 acres at Rs 43.56 lakh /acre
Less cost of development / marketing/supervision charges at Rs 7.59 lakh per acre
Less: value of 28.64 acres of developed land and net sale proceeds of 1.45 acres
Net loss incurred by ADDA

Rs 52.06 crore
Rs 9.07 crore
Rs 13.77 crore
Rs 29.22 crore

3.3.9.2 Excess payment to contractor

ADDA placed (December 2003) an order on a private company 'A' for supply and erection of 7000 metres pipeline for its Mongalpur Water Supply Scheme at Rs 4396.43 per metre including all taxes and duties under the condition that central excise (CE) duty exempted on pipes needed for delivery of water to and from water treatment plant, would be deducted from the bills.

ADDA submitted (July 2004) the requisite CE duty exemption certificates, but, it did not deduct CE duty amounting to Rs 10.70 lakh from the bills, which were inclusive of CE duty, on request of the company 'A', even though no CE duty had been paid by 'A'. Thus, ADDA incurred an extra expenditure of Rs 10.70 lakh by extending an undue benefit to company 'A'.

The CEO stated (June 2007) that the overpaid amount would be adjusted against subsequent bill of the company 'A'. The amount was, however, not recovered till August 2007.

3.3.9.3 Unfruitful expenditure

The road (9.50 km) from Burns Club to *Ranisair more* was constructed in July 2005 at a cost of Rs 1.82 crore on the basis of design and specification prepared by ADDA. Immediately after opening (July 2005) the road for traffic, 2.2 km of road had been awfully damaged due to sub-grade failure, which occurred owing to faulty design and specification for construction of the road. The requests (April 2006 to March 2007) of ADDA to rebuild/repair the damaged road were denied (April 2007) by the contractor on the ground that the work had been executed on the basis of design/specification prepared by ADDA. Thus, construction of the road with unsuitable design and specification resulted in an unfruitful expenditure of Rs 21.64 lakh.

The CEO stated (June 2007) that owing to widening of two National Highways there were unpredictable increase in the traffic load and thus, the constructed road could not sustain the increased load and it got damaged. The reply was not acceptable as the ADDA should have considered the consequence of widening of National Highways while preparing the design.

3.3.9.4 Implementation of a Centrally Sponsored Scheme

Under the Valmiki Ambedkar Awas Yojana launched in December 2001 for providing shelter to people below poverty line (BPL), out of construction cost of Rs 40000 for each house, Rs 20000 were to be given by GOI as subsidy and Rs 20000 were to be contributed by beneficiaries or provided as loan by HUDCO⁹ or urban local body or State finances. The State Government nominated (April 2002) ADDA for implementation of the scheme in Asansol and Durgapur.

In October 2002, ADDA, without preparing any list of beneficiaries, decided to construct 4034 houses and transferred (November 2002) its own funds of

⁹ Housing and Urban Development Corporation

Rs 8.07 crore to a separate bank account opened for the scheme by premature withdrawal of fixed deposits. Subsequently, the target was reduced to 2000 in June 2004 and Rs 4.07 crore were transferred back (January 2005) to ADDA's savings bank account. Such unplanned withdrawal of fixed deposits led to loss of interest of Rs 35.85 lakh.

As of March 2007, 1410 houses were completed and construction of 260 was in progress, while works for 330 houses were not started. ADDA neither took any action for mobilising loans from HUDCO/any other source nor collected any contribution from the beneficiaries. Out of Rs 5.64 crore spent by ADDA for construction of 1410 houses (GOI subsidy: Rs 2.82 crore), only Rs 0.16 crore was collected from the beneficiaries. Thus, failure of ADDA in realising beneficiaries' contribution as well as in mobilising required loan funds resulted in an additional burden of Rs 2.66 crore¹⁰.

3.3.10 Monitoring

The Urban Development Department having the administrative control on ADDA was responsible for monitoring and evaluation of its activities. The Department did not exercise any supervisory control over activities of ADDA. The working of ADDA was also never reviewed or evaluated by the Department. The Principal Secretaries/Secretaries of Finance and Urban Development Departments represented the State Government in the Board of ADDA but, they participated only in two and three meetings respectively out of twelve Board meetings held during 2002-2007. Thus, the role of the Government in supervising and monitoring the activities of ADDA was not adequate and effective.

3.3.11 Conclusion

The objective of planning and development of ADPA was adversely affected owing to non-preparation of Land Use and Development Control Plan and annual budgets. Imprudent financial management as well as inaction for realisation of revenue led to huge loss of revenue towards unrealised rents, land premium and water charges.

On the other hand, ADDA sustained huge loss of revenue on allotment of industrial land at reduced rate of land premium by extending undue favour to the lessee and also by allotting land in excess of requirement. Further it passed on the benefit of low land premium to the private parties by executing joint sector agreements. It also incurred extra and unfruitful expenditure on development of land and construction of roads due to extension of undue benefit to contractors and preparation of faulty design and specification. Indifference on the part of the Government was also apparent from absence of adequate monitoring by the department over functioning of ADDA.

¹⁰ Rs 2.82 crore *minus* Rs 0.16 crore

Recommendations

- *ADDA should take immediate action for preparation of the Land Use and Development Control Plan for whole of planning area notified in March 1980.*
- *It should prepare the annual budget and cash flow statement to assess the requirement of funds as well as to gainfully invest the surplus funds for earning maximum interest.*
- *ADDA should take penal action according to the relevant clause of the agreements executed with the consumers/tenants for recovery of the outstanding dues.*
- *Compensation for acquisition of land should be paid in time to avoid unnecessary payment of increased value/additional charges to the landowners.*
- *Lease premium on land, depending upon its location and use should be fixed properly and should uniformly apply to all entrepreneurs.*

The matter was reported to Government in June 2007; reply had not been received (September 2007).

DEVELOPMENT AND PLANNING DEPARTMENT

3.4 WORKING OF UTTARBANGA UNNAYAN PARSHAD

HIGHLIGHTS

Uttarbanga Unnayan Parshad (Parshad) was constituted in May 2000 with the objective of ensuring comprehensive and integrated development of six districts in North Bengal. The Parshad suffered from inefficient financial management owing to non-preparation of perspective plan, annual action plan and accounts. Absence of any guidelines for functioning of Parshad coupled with imprudent investment in a number of inadmissible/unviable schemes led to investment in small sized sectoral schemes, assistance to private institutions and co-operatives.

Out of Rs 166.67 crore available with the Parshad for various development works of North Bengal during 2002-2007, Rs 73.45 crore (44 per cent) remained parked in Local Fund/Personal Ledger Accounts.

(Paragraph. 3.4.7.1)

In violation of Parshad's decision, the District Magistrates (DMs) of four test checked districts paid advance of Rs 4.96 crore to nine executing agencies, which remained unadjusted as of March 2007.

(Paragraph. 3.4.7.3)

Indifferent management of Revolving Fund for market development by DMs led to non-recovery of loans of Rs 1.44 crore from six market committees.

(Paragraph.3.4.7.4)

Out of 1540 works involving Rs 190.43 crore taken up during 2000-2007, 537 works costing Rs 63.71 crore remained incomplete as of March 2007, of which 229 works costing Rs 31.03 crore have been lying incomplete for over one to six years. In four test checked districts, execution of 42 works was not started even after six to 42 months from the date of release of Rs 7.82 crore due to non-finalisation of tenders, preparation of faulty estimates, delay in selecting executing agencies, etc.

(Paragraph 3.4.8.1)

Unplanned investment on works without ascertaining prospective sources of further funds required to complete them, led to suspension of the works rendering the investment of Rs 3.45 crore unfruitful.

(Paragraph. 3.4.8.4)

3.4.1 Introduction

The Uttarbanga Unnayan Parshad (Parshad) was constituted (May 2000) by the State Government on the basis of a resolution adopted in the West Bengal Legislative Assembly with the main objective of ensuring comprehensive and

Abbreviations used in this review have been listed in the Glossary (page 233)

integrated development of six¹ districts in North Bengal. The schemes taken up by Parshad for development of the said districts, were implemented by the District Magistrates (DMs) through Panchayati Raj Institutions and local Government/ non-Government authorities/organisations.

3.4.2 Organisational Set up

The Parshad governed by a body consisting of 20 members² headed by the Chief Minister as Chairman and the Commissioner of Jalpaiguri Division as the Member-Secretary, functions under the administrative control of Development and Planning Department. The Member-Secretary looks after the day to day functions of the Parshad and is assisted by one Assistant Commissioner and five staff of the Parshad. The Parshad with its head office at Jalpaiguri started functioning from July 2000.

3.4.3 Audit objectives

The audit objectives were to see whether–

- the planning for development of the districts in North Bengal was adequate and appropriate;
- the financial management was effective and prudent;
- the programme management was efficient and
- the functioning of Parshad was properly monitored and evaluated by the State Government.

3.4.4 Audit criteria

The audit criteria used for framing audit comments were as under:

- objectives of creation of the Parshad;
- minutes of the meetings of the Parshad;
- Financial rules of the State Government;
- Guidelines of the schemes taken up by Parshad;
- Monitoring mechanism set up by the Department.

3.4.5 Audit coverage and methodology

The performance audit was conducted during March-April 2007 covering the activities of the Parshad during 2002-2007 through test-check of records of the department, Parshad and DMs of Coochbehar, Jalpaiguri, Uttar Dinajpur and Malda. Before taking up audit, the matter was discussed (March 2007) with the Special Secretary of the Department, who was in charge of the Parshad's

¹ Coochbehar, Darjeeling, Dakshin Dinajpur, Jalpaiguri, Malda and Uttar Dinajpur

² The Chief Minister, Commissioner of Jalpaiguri Division, the Ministers of the department of Food and Supplies, the department of Women and Child Development and Social Welfare, and the department of Home and Civil Defence, MLAs of Jalpaiguri, Dinhat and Habibpur, Sabhadhipati of six ZPs and DMs of six districts in North Bengal.

functioning, to be apprised of various schemes taken up by Parshad during 2002-2007. The audit observations were also discussed (June 2007) with him.

Audit findings

3.4.6 Programme Planning

The Parshad decided in June 2000 to prepare a perspective plan for 10-15 years for socio-economic development of North Bengal and to utilize the Parshad's funds to fill up the critical gaps by executing the programmes which were not covered under different State/Central schemes.

3.4.6.1 Non-preparation of perspective plan

The Parshad got (June 2001) the approach paper prepared by North Bengal University (NBU) at a fees of Rs 2.16 lakh for preparing the perspective plan for 10-15 years. The Parshad, however, took 42 months to scrutinise the same and placed order on NBU in January 2005 for preparation of the perspective plan at a fees of Rs 11.52 lakh. The perspective plan, due for submission in July 2006, was not received (April 2007) though Rs 5.76 lakh was paid (February 2005) to NBU. The Parshad did not even prepare annual development pan for any year.

In absence of long term perspective plan and annual development plan even after lapse of seven years of the formation of the Parshad, the schemes were identified without any linkage to its objectives. Neither the department nor the Parshad issued any guideline prescribing norms for selection/execution of schemes and monetary limits of individual schemes. In absence of the same, Parshad approved the schemes only on the basis of proposals of DMs resulting in execution of small sized sectoral schemes, assistance to private institutions, unplanned investment of funds, etc, as discussed in subsequent paragraphs.

3.4.7 Financial Management

The department provided grants-in-aid to Parshad from the State Budget as well as Additional Central Assistance (ACA) received from Government of India (GOI). The Parshad kept the funds in its Local Fund (LF) account and released the funds to DMs from time to time for execution of schemes taken up by Parshad. In absence of any instructions issued by the department, the Parshad did not prepare the annual accounts and get these accounts audited.

3.4.7.1 Budget Provision and release of funds

The Department, without making any assessment of the requirement of funds by the Parshad, made budget provisions on *ad-hoc* basis according to availability of funds. In the absence of proper planning for execution of developmental schemes, the budgeting process was ineffective.

Out of Rs 166.67 crore deposited into Parshad's LF account during 2002-2007, Rs 148.22 crore (excluding establishment expenditure of Rs 0.64 crore) was released to the DMs leaving an undisbursed amount of Rs 17.81 crore as of March 2007 as shown in the table below:

Year	Budget Estimate of State	Release of State Fund	ACA received from GOI	Total fund received	Available funds including opening balance	Amount Disbursed	Unspent fund (%)
(Rupees in crore)							
2002-2003	16.70	13.26	-	13.26	61.86 ³	45.27	16.59 (27)
2003-2004	4.93	4.93	5.00	9.93	26.52	12.99	13.53 (51)
2004-2005	10.88	10.88	10.00	20.88	34.41	13.12	21.29 (62)
2005-2006	22.00	22.00	10.00	32.00	53.29	45.27	8.02 (15)
2006-2007	25.00	32.00	10.00	42.00	50.02	32.21	17.81 (36)
Total	79.51	83.07	35.00	118.07		148.86	

Source: Budget Publications, Government orders, Treasury Pass Book of LF Account

Scrutiny in audit disclosed the following:

- (i) During each of the years 2002-2007, 15 to 62 per cent of available funds were retained by the Parshad in its LF account.
- (ii) Unspent funds lying in DM's PL Account were never ascertained by the Parshad. It was noticed that unspent amount of Rs 55.64 crore⁴ (38 per cent of Rs 148.22 crore released during 2002-2007) was parked in PL Accounts of DMs as of March 2007. Thus, an amount of Rs 73.45 crore (44 per cent of total available funds) remained parked in LF/PL accounts.

Scheme funds of Rs 73.45 crore (44 per cent) remained parked in LF/PL Accounts

Non-submission of estimates of individual schemes by DMs, slow progress of works, non-commencement of works, etc, were the main reasons for non-utilisation of funds as discussed in the subsequent paragraphs.

3.4.7.2 Non-submission of estimates

On the basis of the proposals of three DMs, the Parshad approved 15 schemes⁵ costing Rs 3.69 crore for execution during 2005-2007. As DMs did not submit detailed estimates of these schemes, Parshad did not release allotted fund of Rs 3.69 crore, which remained parked in its LF account as of March 2007.

3.4.7.3 Payment of advance in violation of Parshad's decision

The Parshad decided (September 2000) that funds would be paid to the executing agencies against bills of works done by them. In violation of this decision, four DMs⁶ paid advances of Rs 4.96 crore between October 2004 and February 2007 to nine⁷ executing agencies for construction of roads/bridges, school buildings, water supply schemes, etc. and the entire amount of advance of Rs 4.96 crore remained unadjusted (Rs 2.08 crore for more than one year) as of March 2007. The DMs did not take any action for

Advance of Rs 4.96 crore remained unadjusted

³ Includes opening balance of Rs 48.60 crore as on 01 April 2002

⁴ Coochbehar-Rs 11.09 crore, Darjeeling-Rs 3.20 crore, Dakshin Dinajpur-Rs 3.71 crore, Jalpaiguri-Rs 18.75 crore, Malda-Rs 13.48 crore, and Uttar Dinajpur-Rs 5.41 crore.

⁵ Coochbehar: four schemes of Rs 0.55 crore, Jalpaiguri: five schemes of Rs 0.89 crore and Uttar Dinajpur: six schemes of Rs 2.25 crore

⁶ DMs of Coochbehar (Rs 1.04 crore), Jalpaiguri (Rs 1.93 crore), Uttar Dinajpur (Rs 0.95 crore) and Malda (Rs 1.04 crore)

⁷ Public Works Department (Rs 278.56 lakh), Public Health Engineering Department (Rs 20 lakh), West Bengal State Electricity Board (Rs 14 lakh), Siliguri-Jalpaiguri Development Authority (Rs 88.99 lakh), Uttar Dinajpur Zilla Parishad (Rs 89.89 lakh), Secretary, Raiganj High School (Rs 4.88 lakh)

non-submission of bills or SOE by the respective executing agencies. The Parshad also did not pursue with the DMs for adjustment of advances and submission of UCs.

3.4.7.4 Management of loans for market development

The Parshad decided (August 2000) to constitute a Revolving Fund for Market Development (RFMD) in six districts for providing interest free loans therefrom to the market committees for developing their markets. The loans were to be repaid in prescribed instalments within three years. The DMs of the districts were to administer the RFMD.

Rupees 1.99 crore was released by Parshad to DMs⁸ between December 2000 and September 2002, the DMs paid loan of Rs 1.69 crore to seven market committees and balance amount of Rs 0.30 crore was lying in their PL Accounts. Of these seven markets, six were developed at Rs 1.44 crore during January 2002 to February 2006 and out of 275 stalls of these markets, 242 were sold by the market committees at Rs 1.15 crore, while disposal of 33 stalls were in process (March 2007). Development of one market (Jalpaiguri: Rs 0.25 crore) was in progress (March 2007).

DMs had neither executed any agreement with the market committees fixing terms and conditions for repayment of loans nor took any step for recovery of the same. In absence of specified terms of repayment, loans of Rs 1.44 crore stood unrecovered even after 14 to 64 months of development of respective markets despite disposal of stalls at Rs 1.15 crore. As a result, the revolving fund provided by Parshad could not be utilized for the development of other markets.

3.4.7.5 Misutilisation of programme fund

The Parshad paid Rs 8.78 crore to DM, Uttar Dinajpur during 2001-2005 for execution of 36 schemes. As these schemes were completed by March 2006 at Rs 8.61 crore, the surplus fund of Rs 0.17 crore was to be refunded to the Parshad. Instead of refunding the same to Parshad the DM spent the fund towards office contingency charges viz. purchase of furniture, hiring of vehicle, hiring of generator, cost of fuel, etc, even though such contingent expenditures of DM were not admissible out of Parshad's funds.

3.4.8 Execution of schemes

There was no co-ordination among different departments in identification of schemes to be executed out of Parshad's funds in order to avoid overlapping of schemes taken up under different sectoral programmes like SSA, BEUP, PMGSY, ICDS⁹, etc. Absence of such co-ordination coupled with non-preparation of guidelines and lack of monitoring over execution of schemes, resulted in delay in execution, taking up of small sized sectoral

⁸ Coochbehar - Rs 0.50 crore for two markets, Jalpaiguri - Rs 0.50 crore for two markets, Uttar Dinajpur - Rs 0.50 crore for two markets, and Malda - Rs 0.49 crore for one market.

⁹ SSA: Sarva Siksha Abhiyan; BEUP: Bidhayak Elaka Unnayan Prakalpa; PMGSY: Pradhan Mantri Gram Sadak Yojana; ICDS: Integrated Child Development Services.

Loans of
Rs 1.44 crore
provided for market
development
remained
unrecovered

schemes, assistance to private institution/co-operatives, unfruitful expenditure owing to partial funding, etc, as discussed below:

3.4.8.1 Delay in execution of schemes

537 schemes costing Rs 63.71 crore remained incomplete

Out of 1540 schemes costing Rs 190.43 crore taken up by Parshad during 2000-2007, 537 schemes (35 per cent) valuing Rs 63.71 crore remained incomplete, of which 229 schemes were lying incomplete for over one to six years as shown below:

Year	Sanctioned schemes		Schemes completed as of March 2007		Incomplete schemes as of March 2007	
	Number	Value (Rs in crore)	Number	Value (Rs in crore)	Number	Value (Rs in crore)
Up to 2002	472	76.99	453	70.79	19	6.20
2002-2003	96	13.51	86	11.60	10	1.91
2003-2004	113	13.28	94	10.97	19	2.31
2004-2005	211	20.88	163	16.96	48	3.92
2005-2006	300	30.30	167	13.61	133	16.69
2006-2007	348	35.47	40	2.79	308	32.68
TOTAL	1540	190.43	1003	126.72	537	63.71

Scrutiny of records of DMs of four selected districts disclosed that 44 works for which Rs 8.14 crore were paid by the Parshad to DMs between June 2001 and September 2006 were either not started or kept suspended for reasons indicated below:

Sl No.	Name of the work	Number of works	Amount released (Rs. in crore)	Reasons for suspension/ delay in commencement of work
1.	Repair/Renovation of roads/ bridges, etc. and construction of college, hospital, etc.	30 ¹⁰	3.54	Not taken up due to non-finalisation of tender
2.	Construction of central bus stand at Malda	1	1.00	Not taken up due to faulty estimate prepared by ZP.
3.	Construction of drainage at Laxmipur and Chanchal, Malda	2	1.56	Not taken up due to delay in selecting executing agency and non-fixing of alignment of drain.
4.	Construction of drain and road at Malda	2	0.10	Not taken up due to disputes relating to enlistment of contractors
5.	Construction of bridges at Jalpaiguri (two) and Uttar-dinajpur (one)	3	1.22	Not taken up due to part approval of estimate by the Parshad and non-finalisation of estimate by ZP
6.	Construction of school building at Coochbehar	1	0.10	Not taken up due to non-selection of executing agency
7.	Strengthening of burning ghat at Coochbehar	1	0.12	Suspended due to dispute raised by Bangladesh Rifles after spending Rs 0.15 lakh.
8.	Renovation of road from Daghar to Brahmatta at Malda	1	0.20	Suspended due to local problems after spending Rs 9.44 lakh.
9.	Construction of class room and guard wall at Jalpaiguri and guard wall at Malda	3	0.30	Not taken up due to non-selection of sites.

Two works costing Rs 32 lakh remained suspended for eight and 13 months and 42 works were not started even after six to 42 months from the date of release of funds (Rs 7.82 crore)

Two works costing Rs 32 lakh remained suspended for eight and 13 months after spending Rs 9.59 lakh and 42 works were not started even after six to 42 months from the date of release of funds (Rs 7.82 crore) to DMs. The unutilized funds of Rs 8.04 crore remained parked in PL accounts of DMs. Though the Parshad submitted the progress reports of schemes to the department, scheduled dates of completion of works were not mentioned in such reports. In absence of the same, time overrun in respect of each work was

¹⁰ Coochbehar – 9 works for Rs 1.17 crore, Jalpaiguri – 20 works for Rs 2.28 crore and Uttar Dinajpur one work of Rs 0.09 crore

not ascertainable in audit. The department also did not take remedial measures for timely completion of works.

3.4.8.2 Execution of small sized sectoral schemes

The Parshad decided (June 2000) that its funds should not be utilized for small schemes which were executed under different sectoral programmes like BEUP, SSA, PMGSY, ICDS, etc. In contravention of such decision, the Parshad approved 668 schemes costing Rs 33.97 crore¹¹ during 2002-2007 for construction of sishu siksha kendras, anganwari centres/ sub-centres, drains/ culverts, public toilets, maintenance and repairs of roads/bridges, installation of deep tube-wells, and financial assistance to schools, societies, clubs, etc. Money value of such individual schemes ranged from Rs 0.40 lakh to Rs 10 lakh. Execution of such small sized sectoral schemes was not in conformity with the objective of creation of the Parshad.

3.4.8.3 Assistance to private institutions/co-operatives

- (i) In response to the prayer of Regional Cancer Centre (a private organisation) at Coochbehar for sanction of grants, the Parshad paid to the Centre Rs 20 lakh in September 2001 for purchase of equipment for cobalt therapy unit and recurring grant of Rs 35 lakh between September 2003 and February 2006 in violation of its objectives and thus, extended an unwarranted benefit to a private organization.
- (ii) The funds (Rs 5.50 crore) required for rehabilitation of Himalayan Co-operative Milk Producers' Union Limited (HIMUL) was to be provided by GOI/ National Dairy Development Board (NDDB) and State Government/ West Bengal Co-operative Milk Producers' Federation Limited (Federation) on 50:50 basis. Accordingly, GOI and NDDB paid Rs 2.25 crore and Rs 0.50 crore respectively to HIMUL. Although the matching grant of Rs 2.75 crore was to be provided by the State Government/ Federation as per terms of rehabilitation package, State Government/ Federation paid¹² only Rs 0.79 crore and on the request of the Federation, Parshad paid Rs 1.96 crore to HIMUL during August 2001 to November 2004.

Thus, in absence of guidelines for schemes to be taken up by Parshad, it provided grants of Rs 2.51 crore to private body/co-operative society, which curtailed availability of UUP funds for developmental works to that extent.

3.4.8.4 Unplanned investment leading to unfruitful expenditure

Test-check of records of Parshad disclosed the following cases where the Parshad released grants to partially finance some works without ascertaining the prospective sources of further funds to complete the same:

¹¹ Coochbehar 75 schemes Rs 4.27 crore, Jalpaiguri 149 schemes Rs 7.55 crore, Darjeeling 50 schemes Rs. 3.15 crore, Uttar Dinajpur 104 schemes Rs. 4.22 crore, Dakshin Dinajpur 90 schemes Rs. 4.37 crore and malda 200 schemes Rs. 10.41 crore

¹² State Government: Rs 0.29 crore, Federation: Rs 0.50 crore

Unplanned investment led to suspension of work resulting in unfruitful expenditure of Rs 3.45 crore

- (i) The Transport Department refused (May 2000) to provide any fund for construction of central workshop¹³ at Coochbehar at a cost of Rs 6.64 crore, but the Parshad approved the scheme in August 2000 and paid Rs 1 crore in November 2000 and Rs 59 lakh in April 2004 to NBSTC without identifying the source of remaining funds. The work remained suspended since May 2006 after incurring expenditure of Rs 1.59 crore on civil construction works.
- (ii) The Cottage and Small Scale Industries Department approved (July 2002) the scheme for renovation and modernisation of West Dinajpur Spinning Mills Limited (Mill), a State PSU, at a cost of Rs 3.05 crore and requested the Parshad to provide the entire fund for the scheme. The Parshad paid Rs 0.96 crore to the Mill between February 2005 and May 2006 which was spent (November 2006) by the Mill for procurement of some machines. The modernisation project, however, remained abandoned due to fund constraint (May 2007).
- (iii) Between March 2002 and September 2005, the Parshad paid Rs 0.90 crore to the Institute of Pharmacy at Jalpaiguri for construction of classroom and laboratory at a cost of Rs 2.55 crore without ensuring availability of the balance fund of Rs 1.65 crore. The Directorate of Health Services refused (December 2002) to provide any fund for the project and the work remained suspended after spending (June 2006) Rs 0.89 crore on civil works.

Thus, the unplanned investment in the above works without ascertaining prospective sources of further funds for completion of works rendered the entire expenditure of Rs 3.45 crore unfruitful.

3.4.8.5 Non-utilisation of assets

Hospital building remained unutilized for want of staff

On the basis of a proposal of DM, Darjeeling, the Parshad paid Rupees one crore in March 2002 to the North Bengal Medical College and Hospital (NBMCH) for construction of a building required for treatment facilities of neurology, cardiology and nephrology. The building, constructed by PWD at a cost of Rs 1.51 crore (Rs 51 lakh was met by PWD), was handed over to NBMCH in June 2006. Although the Principal of NBMCH requested for sanction of manpower in May 2005, the Health and Family Welfare Department did not sanction the posts and the treatment facilities were not provided to the patients till March 2007.

Thus, due to construction of the building without ensuring sanction of required manpower by the Health & Family Welfare Department, the assets created at a cost of Rs 1.51 crore remained unutilised for over one year.

¹³ Construction of administrative building, workshop, sanitary and plumbing work, electrical work, etc, and procurement of plant and machinery as proposed by North Bengal State Transport Corporation (NBSTC), a State PSU.

3.4.8.6 Unfruitful expenditure on procurement of speed boats

The Parshad purchased (August 2001) 42 fibre glass speedboats at a cost of Rs 37.79 lakh and 21 outboard motors (OBMs) at Rs 31.92 lakh for utilisation during flood relief. As one OBM was to be fitted with each boat to make the boat workable, 21 speed boats costing Rs 18.89 lakh remained idle under the custody of DMs owing to short-procurement of OBMs. The Parshad did not take any action for purchase of 21 OBMs required for utilising the idle boats.

3.4.8.7 Expenses for rehabilitation

The Parshad paid Rs 80.86 lakh (between February 2005 and September 2005) to DM, Coochbehar for rehabilitation of 104 KLO¹⁴ linked surrendered persons by providing them income generating assets through bank loans and Government subsidy, to be disbursed through Banks. Accordingly, DM released Rs 80.86 lakh¹⁵ to 14 branches of four banks¹⁶ between June 2005 and October 2005. The banks did not furnish disbursement certificates to the DM. The DM neither ascertained the receipt of funds by the beneficiaries nor verified the assets created by them under the scheme.

Test-check of records of nine branches of three banks¹⁷ disclosed the following:

- (i) Three banks (three branches) did not disburse Government subsidy of Rs 5.72 lakh to six beneficiaries. No action was taken by Parshad/DM to get the money refunded by bank.
- (ii) Two banks (seven branches) disbursed (between July 2005 and October 2006) Government subsidy of Rs 26.94 lakh and bank loan of Rs.7.49 lakh to 27 beneficiaries. The beneficiaries did not repay 37 to 100 per cent of bank loan which indicated possibility of non-functioning of projects leading to unfruitful utilisation of subsidy.

Thus, impact of the scheme was not evaluated even though the Parshad spent Rs 80.86 lakh for rehabilitation of 104 persons.

3.4.9 Monitoring and Supervision

The Parshad did not have any mechanism to monitor the schemes executed by DMs. Against the normative requirement (one meeting in each quarter) of holding 20 meetings of Parshad during 2002-2007, only three meetings were held. Thus, the role of Parshad in supervising and monitoring the schemes taken up by it was not adequate and effective. Although the Development and Planning Department was receiving quarterly progress reports on the schemes taken up by Parshad, it did not exercise any supervisory control over execution

¹⁴ Kamtapuri Liberation Organisation

¹⁵ Government subsidy of Rs 52.85 lakh was to be released to 65 beneficiaries for 42 projects worth Rs 72.23 lakh; Remaining Rs 28.01 lakh was meant for 39 beneficiaries for fully subsidised 38 projects.

¹⁶ Central Bank of India – five branches, State Bank of India – one branch, UCO Bank – one branch and Uttarbanga Kshetriya Gramin Bank – seven branches

¹⁷ State Bank of India – one, Central Bank of India – four and Uttarbanga Kshetriya Gramin Bank – four

of the schemes. The performance of Parshad was never reviewed or evaluated by the Department.

3.4.10 Conclusion

The objective of integrated development of the districts in North Bengal was adversely affected owing to non-preparation of Perspective Plan for development of the districts as well as annual budgets. Non-execution/delayed execution of schemes resulted in parking of considerable amount of funds in LF/PL Accounts. In absence of specific instruction of the department, the Parshad was not preparing accounts despite receiving grants-in-aid from Government. Absence of any guidelines for functioning of Parshad coupled with imprudent investment in a number of inadmissible/unviable schemes led to investment in small sized sectoral schemes, assistance to private institutions and co-operatives in deviation from its objectives and huge unfruitful expenditure on a number of incomplete/abandoned schemes. Inadequate monitoring and supervision led to non-completion of large number of schemes, non utilisation of assets and non-evaluation of executed schemes.

Recommendations

- *The Parshad should take immediate action for preparation of the Perspective plan and annual action plan to ensure fruitful utilisation of available funds towards development of the districts of North Bengal.*
- *The Department should prescribe the detailed guidelines for preparation of annual accounts, audit of accounts in respect of funds provided to Parshad, selection of schemes and monetary limit of individual schemes to be funded by the Parshad so as to achieve the desired objectives of the Parshad.*
- *The scheduled date of completion of each scheme should be indicated in the progress reports submitted to the department in order to exhibit the extent of delay in execution of the schemes and the department should review the reports properly for taking remedial measures.*
- *The Parshad should be more vigilant in selection and implementation of schemes to avoid unfruitful expenditure on unviable schemes.*
- *Monitoring mechanism should be improved by holding regular meetings of the Parshad and the performance of implementing agencies in execution of the schemes should be monitored regularly to ensure timely completion of the schemes.*

The matter was reported to Government in July 2007; reply had not been received (September 2007).

LABOUR DEPARTMENT

3.5 IMPLEMENTATION OF INDUSTRIAL DISPUTES ACT, 1947 AND CONTRACT LABOUR (ABOLITION AND REGULATION) ACT, 1970

HIGHLIGHTS

The basic objective of maintaining industrial relations, quick settlement of industrial disputes, preventing exploitation of contract labours and regulating the working conditions of contract labours through implementation of the Industrial Disputes Act, 1947 and Contract Labour (Abolition and Regulation) Act, 1970 remained largely unachieved owing to failure of the State Industrial Relations Machinery (SIRM) in resolving strikes and lockouts, delayed settlement of industrial disputes through conciliation proceedings, etc. Inadequate inspection of industrial establishments coupled with inadequate monitoring by the Department over the functioning of SIRM further contributed to the non-attainment of the objectives of the aforesaid Acts.

During 2002-2007, plan funds of Rs 39.23 lakh (43 per cent of budget provisions) could not be spent mainly due to non-setting up of Industrial Tribunals/Labour Courts and non-implementation of the scheme of strengthening of State Industrial Relations Machinery (SIRM).

(Paragraph 3.5.5)

Out of 587 industrial establishments (121507 workmen) directed by SIRM to constitute Works Committees, only 115 establishments (43838 workmen) formed such committees; there was no system in place for reviewing the performance of those committees. Disputes settled by such committees were not known to the department.

(Paragraph 3.5.6.1)

Out of 1223 cases test-checked in audit, only 420 were settled by Conciliation Officers within the stipulated period of six months during 2002-2006. In the test-checked units, 2003 cases were pending for one to five years.

(Paragraph 3.5.6.2)

During 2002-2006, one to 30 per cent of cases handled during each of the years were disposed of by Labour Courts, while eight to 21 per cent of cases handled during each of the years were disposed of by Industrial Tribunals. Out of 70 cases test-checked, 52 cases were disposed of after two years to beyond five years. As of December 2006, 73 and 63 per cent of pending cases stood unsettled for more than one to five years with Industrial Tribunals and Labour Courts respectively.

(Paragraphs 3.5.7.1 and 3.5.7.2)

No planned survey was conducted to identify contractors without registration under Contract Labour (Regulation and Abolition) Act 1970. During 2002-2006, only 1340 new establishments were registered, 7221

Abbreviations used in this review have been listed in the Glossary (page 233)

new licences were issued to contractors and 10574 licences were renewed. Out of 127 labour contractors registered with Employees Provident Fund Organisation, Howrah, 100 contractors were engaging contract labours without having required licence

(Paragraph 3.5.9)

3.5.1 Introduction

The Industrial Disputes Act, 1947 (ID Act) was enacted in April 1947 to provide machinery for investigation and settlement of industrial disputes. The Act provides for the establishment of a special machinery of conciliation officers, works committees, courts of inquiry, labour courts and industrial tribunals and defines their functions, duties and powers as well as the procedure to be followed by them. In terms of Section 38 of ID Act, the West Bengal Industrial Disputes Rules, 1958 (WBID Rules) were framed by the State Government in November 1958.

The Contract Labour (Regulation and Abolition) Act, 1970 (CLRA Act) was enacted in September 1970 to regulate the employment of contract labour in certain establishments. The West Bengal Contract Labour (Regulation and Abolition) Rules, 1972 were framed by the State Government in October 1972.

3.5.2 Organisational set up

The Secretary to the Government of West Bengal, Labour Department (Department) assisted by the Labour Commissioner/Director of Labour, was overall responsible for investigation and settlement of all industrial disputes in the State and for regulating the employment of contract labour under the ID Act/Rules and CLRA Act/Rules respectively. The Labour Commissioner was assisted by five Additional Labour Commissioners, six Joint Labour Commissioners, 22 Deputy Labour Commissioners (DLCs) and 96 Assistant Labour Commissioners (ALCs) posted in the directorate and 70 unit offices spread over the State. The organisation of Labour Commissioner is known as the State Industrial Relations Machinery (SIRM).

3.5.3 Audit objectives

The audit objectives were to evaluate whether:

- the mechanism for settlement of industrial disputes was effective;
- the exploitation of contract labour was prevented; and
- the inspection and monitoring mechanism was adequate and effective.

3.5.4 Audit coverage and methodology

The performance audit of the Department in implementing the ID Act and the CLRA Act during 2002-2007 was conducted during January-March 2007 through test-check of records of the Department/Directorate and 12 unit offices¹ in Kolkata and its suburbs. Before taking up audit, the matter was

¹ North Kolkata, South Kolkata, Central Kolkata, Howrah, Uluberia, Barrackpore, Barasat, Kalyani, Srirampur, Chandannagar, Alipore and Falta.

discussed (December 2006) with the Secretary of the Department. The Audit findings were also discussed (March 2007) with the Labour Commissioner.

3.5.5 Financial outlay and expenditure

The budget provisions for administration of ID Act/CLRA Act, establishment of Industrial Tribunal and Labour Courts, improvement of labour statistics and strengthening of industrial relations machinery vis-a-vis expenditure incurred during 2002-2007 were as follows:

Year	Budget provision		Expenditure		Percentage of expenditure to budget provision		Excess (+)/ Savings (-)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
	(Rupees in lakh)						(Rupees in lakh)	
2002-2003	40.17	201.41	33.46	195.94	83	97	(-) 6.71	(-) 5.47
2003-2004	13.00	195.14	6.40	208.72	49	107	(-) 6.60	(+) 13.58
2004-2005	13.00	212.60	4.25	220.01	33	103	(-) 8.75	(+) 7.41
2005-2006	13.00	221.99	4.26	231.18	33	104	(-) 8.74	(+) 9.19
2006-2007	13.00	277.05	4.57	220.19	35	79	(-) 8.43	(-) 56.86
Total	92.17	1108.19	52.94	1076.04	57	97	(-) 39.23	(-) 32.15

Out of the budget provisions of Rs 92.17 lakh under the Plan head during 2002-2007, only Rs 52.94 lakh (57 per cent) were spent. The non-utilisation of plan funds for setting up of Industrial Tribunals and Labour Courts (Rs 8.03 lakh—80 per cent of budget provision of Rs 10 lakh during 2002-2007) and for strengthening of Industrial Relations Machinery (cent per cent of budget provision of Rs 15 lakh during 2004-2007) were the main reasons for savings.

Industrial Disputes Act, 1947

3.5.6 Machinery for settlement of industrial disputes

The instrumentalities for settlement of disputes provided in the ID Act are works committees (WCs), mediation and conciliation, board of conciliation, investigation, arbitration and adjudication.

3.5.6.1 Constitution of Works Committees

According to the provisions of Section 3 of ID Act, in case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months, the appropriate Government may, by general or special order, require the employer to constitute a Works Committee (WC) consisting of representatives of employers and workmen.

The department did not conduct any survey to ascertain total number of industries required to constitute WC. Out of 587 industries (121507 workmen) directed to constitute WCs, only 115 (43838 workmen) formed WCs up to December 2006.

According to Rule 53 of WBID Rules the works committee was to meet at least once in each quarter. Data in respect of the number of meetings held by these committees, disputes settled by them and the workers benefited out of such settlement were not maintained by the department. Instead, the Joint

Out of
587 industrial
establishments
directed to
constitute works
committee only 115
formed works
committees

Labour Commissioner submitted a half yearly 'Nil' report to the Labour Commissioner during 2001-2006.

Thus, the industrial relations machinery could not ensure that all the eligible industries constituted WCs. In respect of the industries in which WCs were constituted, their functioning was not monitored at all.

3.5.6.2 Mediation and conciliation

Section 4 of the ID Act authorises the appropriate government to appoint Conciliation Officers (COs), charged with the duty of mediation in and promoting the settlement of industrial disputes between the workmen and management. Joint Labour Commissioners, Deputy Labour Commissioners and Assistant Labour Commissioners act as the COs in different parts of the State on behalf of the Labour Commissioner.

Number of disputes handled and disposed off by COs during each of the calendar years 2002 to 2006 are indicated below:

Year	Opening balance	No. of cases received	Total cases handled	Number of cases disposed of by COs			Total disposal	No. of cases pending	Percentage of cases disposed to total cases
				Failed in conciliation	Otherwise disposed/closed ²	Settled in conciliation			
2002	2303	2053	4356	252	898	500	1650	2706	38
2003	2706	1852	4558	245	990	534	1769	2789	39
2004	2789	1589	4378	142	890	347	1379	2999	31
2005	2999	1313	4312	212	785	468	1465	2847	34
2006	2847	1217	4064	96	620	287	1003	3061	25
	2303	8024	10327	947	4183	2136	7266	3061	

It may be seen from the above table that out of 10327 disputes to be handled by COs during January 2002-December 2006, 7266 disputes (70 per cent) were disposed of by COs while 3061 disputes (30 per cent) remained unsettled as on 31 December 2006. This was mainly due to delay in the process of settlement, shortage of COs, etc, as discussed in subsequent paragraphs.

(i) Low success rate of conciliation proceedings

Out of 10327 disputes handled by COs during 2002-2006, 4183 cases (41 per cent) were treated as closed as the parties settled the disputes or did not turn up during conciliation proceedings (CPs), while only 2136 disputes (21 per cent) could be settled through CPs and 947 cases (nine per cent) were reported to State Government for adjudication as the CPs ended in failure.

(ii) Delayed completion of conciliation proceedings

According to the provisions of Section 12(6) of ID Act, a report should be submitted to the department after completion of conciliation proceedings (CPs) within 60 days of commencement of the proceedings, provided that the time may be extended for the period not exceeding six months, if agreed by all the parties of the dispute.

² Disputes settled by executing bipartite agreements between the employers and workers (556 disputes), and the cases withdrawn by the parties or closed as the parties did not turn up for conciliation proceedings (3627 cases)

SIRM did not maintain any record in respect of either year-wise break-up of pending cases (3061 cases as of December 2006) or time taken for disposal of cases and submission of reports during the period of review.

It was noticed in audit that out of 6402 cases handled by 12 test-checked units during 2002-2006, 2003 cases (31 *per cent*) were pending for periods varying from one year to five years as of December 2006.

**Only
thirty four *per cent*
of disputes were
settled by
Conciliation
Officers within the
stipulated period of
six months**

Out of 1223 disputes test-checked in audit, in respect of which CPs were completed during January 2002-December 2006, in 420 cases (34 *per cent*) CPs were completed within six months, in 345 cases (28 *per cent*) between seven and 12 months, in 328 cases (27 *per cent*) between 13 and 24 months and in 130 cases (11 *per cent*) CPs were completed after 24 months.

Shortage of COs was one of the reasons for delayed settlement/ non-settlement of disputes. Against the sanctioned strength of 145 DLC/ALC, 118 persons were in position, while 27 posts were lying vacant for over one year as of December 2006.

Thus, the basic objective of quick settlement of disputes remained largely frustrated by delay in settlement of disputes.

3.5.6.3. Board of conciliation, investigation and arbitration

Sections 5 and 6 of ID Act authorise the appropriate government to constitute a 'Board of Conciliation' and 'Court of Inquiry' for promoting the settlement of industrial disputes and inquiring into any matter appearing to be connected with or relevant to an industrial dispute respectively. No 'Board of Conciliation' and 'Court of Inquiry' had been constituted by the Department during 2001-2006 for reasons not available on record.

Similarly, when conciliation fails it is the duty of CO to persuade both the parties to accept arbitration under Section 10A of the Act. In case the parties agree to this proposal, a report on failure on conciliation (FOC) should be submitted to the appropriate government with the comment that an arbitration agreement was arrived at during the course of CP. No case had been settled through arbitration during 2001-2006 for reasons not available on record. Thus, the mechanism of arbitration remained ineffective.

3.5.7 Adjudication mechanism

Section 7 and 7A of ID Act empowers the appropriate government to constitute Labour Courts (LCs) and Industrial Tribunals (ITs) for adjudication of industrial disputes relating to any matter specified in the second schedule and second/third schedule respectively. There were two LCs (in Kolkata) and nine ITs (one at Jalpaiguri, one at Durgapur and seven in Kolkata) in the State.

3.5.7.1 Industrial Tribunals

The disputes handled and settled by ITs during 2002-2006 are shown below:

Year	Number of cases pending on first day of the year	Number of cases referred	Total number of cases	Number of cases disposed	Percentage of disposal	Number of cases pending
2002	1432	228	1660	262	16	1398
2003	1398	247	1645	349	21	1296
2004	1296	137	1433	184	13	1249
2005	1249	185	1434	200	14	1234
2006	1234	119	1353	106	8	1247
2002-2006	1432	916	2348	1101		1247

Time taken for disposal of disputes by Industrial Tribunals varied from five months to four years while 73 per cent pendency were for more than one to five years

Thus, eight to 21 *per cent* of cases handled by ITs during each of the years 2002-2006 were settled leaving 1247 cases pending as of December 2006. Time taken for disposal of each of 1101 cases varied from five months to four years.

Scrutiny further disclosed that out of 1247 pending cases, 916 (73 *per cent*) were lying unsettled for periods varying from one year to more than five years (121 cases for one to two years; 498 cases for two to five years; 297 cases for more than five years).

3.5.7.2 Labour Courts

The disputes settled by LCs during 2002-2006 are shown below:

Year	Number of cases pending on first day of the year	Number of cases referred	Total number of cases	Number of cases disposed of	Percentage of disposal	Number of cases pending
2002	965	122	1087	10	1	1077*
2003	1077	162	1239	225	18	1014*
2004	1014	118	1132	19	2	1113*
2005	1113	93	1206	105	9	1101#
2006	1101	174	1275	386	30	889*
2002-2006	965	669	1634	745		889*

* Includes 171 cases stayed by Hon'ble High Court.

Includes 173 cases stayed by Hon'ble High Court.

63 per cent of cases pending with Labour Courts were pending for more than one to five years

Thus, one to 18 *per cent* of the cases handled by LCs during each of the years 2002-2005 were settled, while during 2006, 30 *per cent* cases were settled. Out of 70 test-checked cases, 52 were disposed of by Labour Courts after two years to beyond five years from commencement of proceedings.

Out of 889 cases lying unsettled, 564 (63 *per cent*) were pending for periods varying from one year to more than five years (122 cases for one to two years; 268 cases for two to five years and 174 cases for more than five years).

Time taken for disposal of each of 745 cases was not available on record. Test-check of 70 cases disclosed that nine cases were disposed of within 12 months, nine cases between 13 and 24 months and 38 were disposed of in between 24 and 60 months and 14 were disposed of after 5 years.

Vacancy in the post of Presiding Officer of each of two LCs (for 988 and 1318 days) and nine ITs (86 to 678 days) during 2002-2007 (details in **Appendix 3.6**) and extension of time prayed by both the parties (employees/unions and employers) were the main reasons for non-disposal/delayed disposal of cases.

3.5.7.3 Non-implementation of awards

During 2002-2006, 26 to 53 per cent of awards were not implemented

The awards of Labour Courts/Industrial Tribunals were to be published in the official gazette within 30 days from the date of award and an award became enforceable on expiry of 30 days from the date of its notification in the official gazette. No mechanism for monitoring the status of implementation of the awards has so far been evolved in the department. Only violation cases in respect of non-implementation of awards were taken up for enforcement by the Enforcement and Law Section (EL Section) of Labour Commissioner, as and when the aggrieved party lodged any complaint.

Number of awards given, violation cases initiated and disposal during 2002-2006 are shown in the following table:

Year	Awarded during the year by IT/LC	Violation cases received	Total violation cases* handled	Cases disposed off at EL Section Level	Awards referred to Government for prosecution	Violation cases remaining pending (per cent)
2002	272	78	183	45	38	100 (55)
2003	574	117	217	44	41	132 (61)
2004	203	83	215	38	45	132 (61)
2005	305	42	174	23	15	136 (78)
2006	492	64	200	9	6	185 (93)
	1846	384	489	159	145	185 (38)

* Including opening balances

It would be evident from above table that 55 to 93 per cent of violation cases remained pending every year during 2002-2006. Action taken by the State Government in respect of 145 awards referred to it for prosecution, as these could not be implemented by SIRM, was not available on record.

Such non-implementation of awards and non-settlement of violation cases jeopardised the efficacy of the ID Act in settling industrial disputes

3.5.8 Strikes and lockouts

According to the records of SIRM, 132 cases of strike and 1766 cases of lockout occurred during January 2002-December 2006 and 121.11 million man-days were lost due to such strikes and lockouts, while only 30 per cent (39 cases) of strikes were resolved and only 12 per cent (210 cases) of locked out units were reopened. Further, 52 units (4967 workers) were closed during 2002-2006 due to workers' problem, financial stringency (7), lack of demand of the products, etc.

Contract Labour (Regulation and Abolition) Act, 1970

The SIRM was responsible for enforcement of the provisions of CLRA Act and Rules made thereunder. The Assistant Labour Commissioners were appointed as Registering and Licensing Officers and the Regional Deputy Labour Commissioners were appointed as Appellate Authorities under the Act in their respective regions.

3.5.9 Registration of establishments and licensing of contractors

Sections 7 and 12 of CLRA Act provides for registration of establishments employing contract labour and licensing of contractors respectively. Every

licence granted or renewed under Rule 23/29 of CLRA Rules remains in force up to 31 December of the year for which licence is granted or renewed. A licence is to be renewed from time to time on payment of such fees and on such conditions as may be prescribed by Government.

- (i) No survey was conducted for identification of establishments/contractors engaging contract labours. Registration was done on the basis of applications submitted by the establishments engaging contract labour or through routine inspection conducted by the Inspectors responsible for enforcement of various labour laws.
- (ii) During 2002-2006, 1340 new establishments were registered, new licences were issued to 7221 contractors and licences of 10574 contractors were renewed on collection of registration/licensing fees of Rs 4.37 lakh. In absence of any planned survey or adequate inspection, the unregistered establishments vis-à-vis unlicensed contractors engaging contract labours were not identified.
- (iii) It was noticed during test-check of DLC, Howrah that out of 127 labour contractors registered with the Employee's Provident Fund Organisation (EPFO), Sub-Regional Office, Howrah, only 27 contractors obtained licences from SIRM (DLC, Howrah) and 100 contractors were engaging contract labours without any licence.
- (iv) While inspecting the Kalyani Government Engineering College, which engaged (July 2001) a contractor for providing security guards in the College, the Inspector detected (January 2003) that the contractor had no licence for engagement of contract labour and he was also not paying minimum wages to 54 contract labours deployed as security guards. Although a case was filed with the District Judge, Nadia in July 2003 for non-payment of minimum wages to the labours, no action was taken against the contractor for deployment of contract labours without obtaining required licence.

3.5.10 Inadequate Inspection

The Inspectors of SIRM were responsible for inspection of establishments to ensure enforcement of the provisions of CLRA Act/Rules. The department neither fixed the number of establishments to be inspected by each Inspector during any specified period nor stipulated any criteria for selection of establishments for inspection. In absence of the same, the performance of Inspectors was not monitored by the department.

The number of inspections conducted, prosecutions initiated, etc, during 2002-2006 are indicated below:

Year	Total number of registered establishments	Number of establishments Inspected	Percentage of establishments covered in inspection	Number of irregularities detected
2002	35014	2828	8	856
2003	36889	2298	6	629
2004	38317	2351	6	697
2005	40443	2812	7	857
2006	42216	2776	7	567

**During 2002-2006,
only 6 to 8 per cent
of total registered
establishments
were inspected**

It may be seen from the above table that only 6 to 8 per cent of registered establishments were inspected during 2002 to 2006. Shortage of inspectors was one of the reasons for poor coverage of establishments. Against sanctioned strength of 490 Inspectors, men-in-position varied from 347 to 382³ during 2002-2006.

Further, the re-inspection required to be conducted to verify the compliance reports received from employers and also the extent to which the irregularities detected in earlier inspections were rectified, was not conducted in all cases; while re-inspection was conducted only on receipt of complaints.

3.5.11 Non-maintenance of records

Every principal employer and every contractor should maintain registers and records indicating particulars of contract labours deployed, the nature of work performed by contract labours, hours of work, rates of wages paid to contract labours and such other particulars in such form as may be prescribed.

A review of the reports of Inspectors revealed that although the number of infringements detected during inspection was indicated in the reports, the nature of irregularities detected was not mentioned. As a result, effectiveness of these inspections and adherence to various rules and regulations and relevant provisions of the Act/Rules in respect of registration, licensing, employment, welfare and health care, etc, could not be verified in audit.

3.5.12 Poor performance of Advisory Board

The State Advisory Contract Labour Board (SACLB) constituted in February 1974 in terms of Section 4 of CLRA Act with Minister-in-Charge of Labour Department as Chairman was to advise the State Government in the matter of abolition of contract labour and other general issues referred to it. There was a Committee of 11 members with Labour Commissioner as Chairman to inquire into the matter and to submit a report with recommendations in respect of each case referred to it by SACLB.

Out of 24 cases referred by SACLB to the Committee during January 2002 to December 2006, 18 were returned to SACLB with recommendation and six cases were pending with the Committee for more than one (one case) to two (five cases) years as on 31 December 2006.

No meeting of SACLB was held in 2002 for reasons not on record, while only six meetings were held during 2003 to 2006. As a result, out of 18 cases received by SACLB with recommendation of the Committee during 2002-2006, only five (28 per cent) were disposed as of December 2006.

3.5.13 Monitoring and Evaluation

There was no mechanism for evaluating the performance of the adjudication machinery. In absence of any monitoring mechanism and effective evaluation on the performance of SIRM, the disposal of disputes was not satisfactory

³ 382 as on 31 December 2002; 370 in 2003; 359 in 2004; 349 in 2005 and 347 in 2006

leading to accumulation of huge number of pending cases besides inordinate delay in disposal of cases. The performance of the Inspectors responsible for enforcement of CLRA Act/Rules was not monitored and evaluated either.

3.5.14 Conclusion

The main objective of speedy settlement of industrial disputes envisaged in the ID Act, 1947 remained to be attained due to inordinate delay in settlement of industrial disputes through conciliation proceedings and adjudication. In absence of any monitoring mechanism in the Department, implementation of the awards was also delayed affecting the effectiveness of the Act. Disposal of cases in LCs/ITs was also poor due to vacancy in the posts of Presiding Officer for considerable periods.

In absence of any planned survey, insufficient coverage of inspection of establishments and inadequate monitoring over the functioning of inspectors, the implementation of CLRA Act /Rules remained ineffective.

Recommendations

- *Vacancies in the key posts of Conciliation Officers and Presiding Officers of Labour Courts/Industrial Tribunals should be filled up to facilitate expeditious disposal of the disputes;*
- *The department should evolve a mechanism for monitoring the status of implementation of the awards passed by the Labour Courts/Industrial Tribunals;*
- *Department should fix the criteria for selection of establishments for inspection and a target for each inspector for proper utilisation of their services as well as to plug the loop holes in enforcing the provisions of CLRA Act/Rules; and*
- *Labour inspectors should be more vigilant in inspection of establishments engaging contract labours to ensure adherence to the provisions of the CLRA Act/Rules*

The matter was reported to Government in July 2007; reply had not been received (September 2007).

COMMERCE AND INDUSTRIES DEPARTMENT

3.6 ASSISTANCE TO STATES FOR DEVELOPING EXPORT INFRASTRUCTURE AND ALLIED ACTIVITIES

3.6.1 Introduction

The Government of India, Ministry of Commerce and Industries, Department of Commerce (DOC) launched (March 2002) a scheme viz. 'Assistance to States for Developing Export Infrastructure and Allied Activities' (ASIDE) for creating infrastructure for development and growth of exports. The Director of Industries (DI) under the Commerce and Industries Department of the State Government was the nodal officer for implementation of ASIDE projects approved by the State Level Export Promotion Committee (SLEPC¹) and the West Bengal Industrial Development Corporation Limited (WBIDC), a State Government Company, was the nodal agency for receiving funds from DOC, releasing funds to executing agencies as per advice of DI and maintaining accounts of ASIDE funds.

Out of 22 projects implemented during 2002-2007 (up to December 2006), 18 projects involving ASIDE cost of Rs 29.33 crore were reviewed during December 2006-January 2007 through test-check of records of the DI, WBIDC and executing agencies. Audit findings are enumerated in subsequent paragraphs:

Audit findings

3.6.2 Non-utilisation of available funds

Out of Rs 69.93 crore received from DOC during 2002-2007, Rs 47.79 crore were paid by WBIDC to executing agencies and the balance amount of Rs 22.14 crore (32 per cent) remained parked with WBIDC as indicated below:

Year	Amounts paid by DOC to WBIDC	Amounts paid by WBIDC to executing agencies	Balance lying with WBIDC
(R u p e e s i n c r o r e)			
2002-2003	12.88	6.22	6.66
2003-2004	11.00	10.66	7.00
2004-2005	14.91	16.56	5.35
2005-2006	20.09	5.31	20.13
2006-2007*	11.05	9.04	22.14
Total	69.93	47.79	22.14

* Up to December 2006

Of Rs 38.28³ crore released in respect of 20 projects to executing agencies, Rs 13.67 crore were not spent till December 2006. Thus, total amount of

¹ Abbreviations used in this Review have been listed in the Glossary (Page 233)

¹ SLEPC consists of 23 members including Chief Secretary as Chairman and Director of Industries as Convener.

² Includes unutilised fund of Rs 2.88 crore lying under Critical Infrastructure Balancing Scheme of DOC, which was merged with ASIDE.

³ Excluding two projects at serial no. 11 and 16 of Appendix 3.7, for which information were not available.

Rs 35.81 crore (51 per cent of available funds) remained unutilised as of December 2006.

3.6.3 Loss of interest

According to scheme guidelines, the funds released by DOC should be kept in a separate bank account and the amount of interest earned on such funds during a quarter would be adjusted against the funds to be released during subsequent quarter. WBIDC did not maintain any separate bank account for ASIDE funds and kept the funds in its current account. Thus, it failed to earn interest of Rs 0.98 crore during July 2002 to December 2006, resulting in a loss to ASIDE scheme.

Similarly, the executing agencies also (except three agencies⁴) kept ASIDE funds in their Personal Ledger (PL)/Local Fund (LF) Accounts instead of separate interest bearing bank accounts. As a result, the scheme sustained a further interest loss of Rs 45.57 lakh during November 2002 to December 2006.

Interest of Rs 27.14 lakh earned by three executing agencies⁵ by investing the funds in term deposits during March 2004 to December 2006 remained parked with them (December 2006) instead of adjusting the same with GOI grants.

3.6.4 Implementation of Projects

During 2002-2006, SLEPC approved 17 projects with total estimated cost of Rs 80.13 crore, of which three projects were not implemented by DI, while DI implemented eight⁶ other projects involving ASIDE cost of Rs 20.46 crore (29 per cent of total fund of Rs 69.93 crore released by DOC), which were not approved by SLEPC.

Out of 22 projects (estimated cost: Rs 93.72 crore) implemented by DI, 19⁷ were taken up only on the basis of estimates submitted by the executing agencies of the respective projects without preparing any project report, even though the ASIDE guidelines stipulated that detailed project report should be submitted alongwith the project proposals.

Of these 22 projects, only five projects were completed as of December 2006 while 13 projects were in progress, three remained held up midway and one was abandoned. The details of the projects are summarised in **Appendix 3.7**.

The main objective of ASIDE scheme for providing infrastructure facilities for export promotion remained unfulfilled to a great extent as the projects for improvement of infrastructural facilities at the international check post and construction/improvement of roads, truck terminus, etc, in border areas remained abandoned or held up. Further, considerable amount of ASIDE funds were provided for improvement/maintenance of roads, level crossing, rail

⁴ District Magistrate (DM) of Jalpaiguri, the State Fisheries Development Corporation Limited (SFDC) and West Bengal State Food Processing and Horticulture Development Corporation Limited (WBSFPHDC).

⁵ DM, Jalpaiguri (Rs 11.50 lakh), SFDC (Rs 14.70 lakh) and WBSFPHDC (Rs 0.94 lakh)

⁶ Serial Number 10 to 17 of Appendix 3.7

⁷ SLEPC approved 12 projects and DI approved 7 projects

gates, etc, in non-bordering areas and maintenance of fish farms of a Government company even though these projects had no direct linkage with export promotion. The details are discussed in the subsequent paragraphs.

3.6.4.1 Abandoned project

The DI released Rs 2.70 crore (Rs 10 lakh in November 2002, Rs 10 lakh in February 2003, and Rs 2.50 crore in December 2005) to the DM, Malda for improvement and widening of Gour-Mahadipur road from 11.85 km point to borderline at an estimated cost of Rs. 5.45 crore (to be met fully from ASIDE funds). The DM did not take up the work as the Executive Engineer (EE), Malda Highway Division had not agreed to start the work due to non-payment of entire amount of Rs 5.45 crore. Subsequently, the project was abandoned as the same work was taken up by PW (Roads) Department under an Asian Development Bank assisted programme⁸ and the unutilised fund of Rs 2.50 crore remained parked with Public Works Deposits instead of refunding the same to DI and consequential loss of interest of Rs 30 lakh (at 12 per cent per annum).

3.6.4.2 Projects remaining held up

The following three projects remained held up midway after spending Rs 2.85 crore for reasons mentioned against each.

SI No.	Name of work	Estimated cost (Rs in lakh)	Expenditure (Rs in lakh)	Observations
1	Infrastructure Development for Promotion of Export at Jaigaon in Jalpiguri (a) Widening/Constructing of four-lane NS Road (5 km) from Bhutan Gate to Torsha Hospital More (b) Widening/Construction of four-lane MG Road (4.5 km) from Bhutan Gate to Torsha Hospital More via Land Port Area.	266.00 331.00	2.14 110.00	The work remained suspended since February 2006 after initial earth filling and stone laying works as WBSEB ⁹ and BSNL ¹⁰ claimed (June 2006) compensation of Rs 33.45 lakh and Rs 27 lakh respectively for shifting of electric poles, telephone poles, underground cables, etc. No action was taken to settle these claims. The work which was started in June 2005 remained held up since May 2006 after constructing 2.3 km road as the DM, Jalpaiguri decided to change the alignment of the road on the ground of avoiding demolition of a number of houses.
2	Improvement of infrastructural facilities in and around the International Check Post at Hilli in South Dinajpur	243.00	77.50	The project remained held up since August 2005 after construction of bus stand, expansion of truck terminal, etc, due to objection of Bangladesh Authority.
3	Construction of a Truck Terminus at Changrabandha Land Customs Station in Coochbehar district	317.60	95.74	The project taken up in September 2005 remained held up since July 2006 due to failure of Zilla Parisad in handing over site to contractor.
Total			285.38	

The above projects remained held up for over one to two years resulting in blockage of Rs 2.85 crore while chance of completion of two projects (SI No. 1(b) and 2) was remote leading to unfruitful expenditure of Rs 1.88 crore.

⁸ Infrastructure development of Mahadipur Export Zone

⁹ West Bengal State Electricity Board

¹⁰ Bharat Sanchar Nigam Limited

3.6.4.3 Unauthorised utilisation of ASIDE funds

(i) ASIDE fund of Rs 2.95 crore was spent on the following works which were neither included in the project proposals nor approved by SLEPC/DI:

Sl No.	Executing Agency	Purpose of diversion	Amount diverted (Rupees in lakh)
1	Haldia Development Authority	Repairing of road from MCCPTA Factory Embankment to Hindusthan Lever Limited (Rs 59.19 lakh) and Improvement of road from Durgachak Railway Level Crossing to Hindusthan Lever and River Ring Road Junction (Rs 139.99 lakh)	199.18
2	DM, Malda	Repairing of Gour-Mahadipur Road from 6 km point to 13 km point.	20.00
3	DM, Jalpaiguri	Construction of border inspection road (Rs 0.48 lakh), Bundh cum road from Jhorna basti at BP 70 to JH Road Culvert (Rs 72.87 lakh), and Boundary wall fencing for hospital land (Rs 2.14 lakh)	75.49

Further, there was no evidence on record to indicate whether these works were directly connected with export promotion.

(ii) Despite instructions from the Ministry of Commerce and Industry, GOI (August 2002) that no fisheries project should be funded under ASIDE scheme, ASIDE fund of Rs five crore (Rs 2.50 crore each in January 2004 and March 2005) was paid by DI to the State Fisheries Development Corporation Limited, a State Government Company, for modernisation of its five fisheries farms¹¹.

3.6.4.4 Irregular Expenditure

The scheme guidelines provided that no part of ASIDE funds should be used to meet any administrative expenses connected with implementation of the scheme. In violation of the same, ASIDE fund of Rs 26.80 lakh was spent by five¹² executing agencies for meeting administrative/contingent expenditure such as departmental charges, agency charges, repair/maintenance/hiring of vehicle, purchase of stationery, etc.

3.6.5 Monitoring and evaluation

Quarterly meetings of SLEPC were to be held to oversee implementation of the scheme. It was noticed that only three meetings (in September 2002, May 2003 and May 2004) were held during April 2002 to December 2006 against requirement of 19 meetings. Further, the executing agencies did not submit monthly/quarterly progress reports to the DI, indicating physical progress of work and expenditure incurred by them. Quarterly reports and utilisation certificates were submitted to the DOC by the DI merely on the basis of disbursement of funds to executing agencies.

¹¹ (i) Digha Fisheries Project, (ii) Digha Brackish Fisheries Project, (iii) Alampur Fisheries Project, (iv) Frasersgunj Fisheries Project and (v) Henry's Island Fisheries Project

¹² Kolkata Metropolitan Development Authority, Public Works (Roads) Directorate and DMs of Dakshin Dinajpur, Jalpaiguri and Coochbehar

3.6.6 Conclusion

The ASIDE scheme which was intended to create appropriate infrastructure for development and growth of exports, largely failed to create the desired impact owing to various shortcomings in planning, operational deficiencies and ineffective monitoring. A large number of projects sanctioned under the scheme did not have any direct linkage with exports or were not covered under the scope of the scheme guidelines. Besides, instances of parking and diversion of funds were noticed. Most of the projects taken up under the scheme remained incomplete and some were either held up midway or abandoned. The mechanism for monitoring of the scheme at various levels was also inadequate.

Recommendations

- *Only those projects, which demonstrate a linkage with exports, should be approved by SLEPC under ASIDE scheme.*
- *The Department should look into all instances of diversion and misutilisation of ASIDE funds critically and necessary recoupment made immediately.*
- *The Department should be more vigilant to monitor the performances of the implementing agencies to ensure fruitful utilisation of scheme funds.*
- *The Department should take steps for holding regular meetings of SLEPC for better monitoring over implementation of the scheme.*

The matter was reported to Government in June 2007; reply had not been received (September 2007).