CHAPTER IV

AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses

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4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses

LAND AND LAND REFORMS AND SCHOOL EDUCATION DEPARTMENTS

4.1.1 Suspected defalcation of mid day meal rice and excess expenditure

Lack of monitoring by DM Coochbehar led to suspected defalcation of 0.32 lakh quintals of rice valuing Rs 4.34 crore. Moreover, excess allowance of conversion cost of Mid Day Meal rice by four DMs resulted in excess expenditure of Rs 7.83 crore.

Under the National Programme of Nutritional Support to Primary Education, commonly known as Mid Day Meal Scheme (MDM), nutritional support is provided to the primary students by supplying cooked mid day meal[1]. The District Magistrates (DM) under the guidance of respective District Level Committees were responsible for implementation and overall monitoring of the programme including arranging for lifting of food grains from godowns of the Food Corporation of India Limited (FCI) through the Public Distribution System (PDS) distributors. The food grains were distributed to the blocks/ panchayat samitis/ schools by the distributors through PDS dealers as per delivery orders issued by the District Inspector of Schools of Primary Education (DIPE) based on the enrolment of the students. Close monitoring and supervision on the part the DM were envisaged in the scheme for its proper and fruitful implementation

I Scrutiny (June 2007) of the distributor-wise accounts of Mid Day Meal food grains (quantities lifted by the distributors from FCI *vis-à-vis* quantities distributed among dealers for onward supply to schools) as made available by the District Inspector of Primary Education (DIPE), Coochbehar alongwith the relevant records maintained with DM, Coochbehar disclosed that during the period from April 2004 to August 2006, out of 1.99 lakh quintals of rice lifted from FCI godowns by 14 PDS distributors, only 1.67 lakh quintals were distributed among PDS dealers for onward supply to the schools, indicating short distribution of 0.32 lakh quintals of rice valuing Rs 4.34 crore[2] by the PDS distributors. On being pointed out by audit (June 2007) both the DM and the DIPE expressed (June 2007) their inability either to explain the reasons for such short distribution of rice by the distributors or to ascertain the whereabouts of the un-distributed rice.

[1] *Prior to September 2004 dry food was supplied*
[2] *Rs 1370 per Qtl (RBC rice) as paid by GOI to FCI*

II Under the Mid Day Meal Scheme, the cost of conversion of dry food to cooked meal was to be paid to the school authorities through the concerned BDOs. In May 2005, State Government decided to supply MDM on the basis of 85 *per cent* of the total enrolment of students.

Test-check of the records of DMs of Birbhum, Purba Medinipur, Murshidabad and Jalpaiguri between September 2006 and March 2007 disclosed that in violation of the above-mentioned stipulation, conversion cost was allowed on the basis of total enrolment of students instead of 85 *per cent* of such enrolment. As a result, during the period from May 2005 to January 2007 excess expenditure of Rs 7.83 crore[3] was incurred on this count from the State exchequer.

Thus, lack of monitoring and supervision on the part of DM Coochbehar led to suspected defalcation of 0.32 lakh quintals of rice valuing Rs 4.34 crore and non-adherence to extant government orders while allowing conversion cost of Mid Day Meal rice by DMs of Murshidabad, Birbhum, Purba Medinipur and Jalpaiguri resulted in excess expenditure of Rs 7.83 crore.

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

PUBLIC WORKS (ROADS) DEPARTMENT

4.1.2 Suspected fraud in recording measurement

Executive Engineer, National Highway Division-IV allowed payment of Rs 1.13 crore to the agencies for laying the additional layer of bituminous macadam and tack coat, the execution of which was doubtful.

Ministry of Road Transport and Highways (MORTH) approved (June – November 2002) two Jobs[4] for improvement of riding quality on 17.6 km stretch of National Highway-60 at a total cost of Rs 4.49 crore (including nine *per cent* departmental charges). NH wing of Public Works (Roads) Department was to execute the work as the nodal agency. Superintendent Engineer (SE) NH Circle-1 awarded the Job No.161 to agency-A (January 2003) at a tendered cost of Rs 0.98 crore (37 *per cent* less than the

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Sl No	*Name of the District*	*Period of objection*	*Excess Expenditure*
1	*DM, Murshidabad*	*May2005 to June2006*	*Rs 5,37,71,521*
2	*DM Birbhum*	*May2005 to September2006*	*Rs 83,42,489*
3	*DM Purba Midnapore*	*May 2005 to June 2006*	*Rs 1,27,85,822*
4	*DM Jalpaiguri*	*May 2005 to January 2007*	*Rs 34,04,757*

4 *Job No-06-WB-2002-161: 180 KMP to 183.6 KMP of NH-60*
Job No-06-WB-2002-169:161 KMP to 170 KMP and 173 KMP to 178 KMP of NH-60

estimated cost of Rs 1.56 crore) and Job No.169 to agency-B (March 2003) at a tendered cost of Rs 1.37 crore (42 *per cent* less than the estimated cost of Rs 2.36 crore) for completion by March 2003 and September 2003 respectively. The agency-A completed the work at Rs 1.37 crore in March 2005 and agency-B in March 2004 at Rs 2.21 crore. The increase in cost was mainly due to execution of bituminous macadam (BM) and tack coat items in excess of quantitative provisions in both the jobs.

Though MORTH had categorically instructed that the work should be strictly carried out as per its technical note, two layers of 50 mm thick BM were claimed to have been laid instead of one layer provided in the tender schedule. No revised estimate was, however, prepared and sent to MORTH for the excess quantity of execution of the following items:

Job No.	Particulars	Provision in the tender schedule	Actual execution
161	Tack coat	78743 m^2	113569 m^2
	BM	2110[5] m^3	3943[6] m^3
169	Tack coat	149618 m^2	220903 m^2
	BM	4080.49[7] m^3	7644.87[8] m^3

Although the tendered rates were too low (37 and 42 *per cent* below the estimated cost), the SE accepted the same and approved the excess quantity of execution in view of low tender rates without ascertaining its feasibility and necessity. The agencies were allowed payment of Rs 3.58 crore (against tendered cost of Rs 2.35 crore).

Audit scrutiny further disclosed that the fresh BM layers were laid over the existing bituminous surface leaving little scope to identify the thickness of BM layer laid afresh. Moreover, both the jobs were workable with only one layer of BM as per tender provision. As such, the excess BM work of 5397 m^3 and tack coat on 1.06 lakh square meter of road surface involving payment of Rs 1.13 crore were doubtful.

The Department stated (July 2007) that there was no instruction to deal with the tenders quoting abnormally low rates and felt it necessary to frame a guideline on the matter. The Department further stated that extra layer of BM and tack coat was executed to remove the capacity constraint of the carriageway. The reply was not tenable since the capacity constraints of the carriageway, if any, could only be removed by undertaking widening work.

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[5] *Includes 282 m^3 of Profile Corrective Course (PCC).*
[6] *Includes 297 m^3 of Profile Corrective Course (PCC).*
[7] *Includes 680.08 m^3 of Profile Corrective Course (PCC).*
[8] *Includes 680.08 m^3 of Profile Corrective Course (PCC).*

URBAN DEVELOPMENT DEPARTMENT

4.1.3 Loss due to transfer of land at a lower premium

KMDA extended undue favour to a private company sustaining a loss of Rs 4.23 crore while objective of development of an International Social Infrastructure Project for the West Bengal Information Technology industry and related ancillaries remained unachieved.

A private Company-X applied (March 2001) for land at Nonadanga (East Kolkata Township) for development of an International Social Infrastructure Project for IT industry and related ancillaries. Bulk Land Advisory Committee (BLAC)[9] recommended (June 2001) allotment of a commercial plot measuring 6 acres (367.72 cottah) located at Nonadanga at Rs 3.53 lakh per cottah[10] and accordingly the KMDA[11] offered (July 2001) the land to the company on a 99 years lease basis at Rs 3.53 lakh per cottah.

The Company, however, requested (July-September 2001) KMDA to allot the land at prevailing industrial rates on the plea that their venture was industrial in nature. Chief Executive Officer (CEO), KMDA advised (August 2001) the Company either to approach the Information Technology (IT) Department to subsidise the land cost and release the subsidy to KMDA or to opt for an alternative site earmarked for industrial land at Rs 2.38 lakh per cottah and in that case the project would have to be declared as an industrial unit by the Information Technology/Urban Development Department.

The Company-X submitted a revised project report in November 2001 with thrust on IT enabled services in deviation from its initial project. There was no record to show that the revised project of the Company-X had been declared as an industrial unit by IT/UD Department of Government of West Bengal. KMDA, in deviation from its earlier decision, approved (December 2001) allotment of the plot to the Company-X at industrial rate of Rs 2.38 lakh per cottah. Accordingly the Company-X paid (March 2002-January 2003) Rs 8.75 crore to KMDA.

Subsequently, the Company-X, instead of setting up IT enabled services, proposed (January 2003) to transfer the land in the name of another Company-Y. Although BLAC turned down (February 2003) the proposal, the KMDA accepted (June 2003) the same subject to the payment of service charges of 10 *per cent* on the current market value (Rs 9.50 lakh per cottah) of land. The Company-X paid Rs 3.49 crore as service charges in September 2006.

[9] *A body formed (1989) by KMDA to recommend the sale price of its bulk land to mobilise resources for urban infrastructural development (water supply, roads etc.) in the Kolkata Metropolitan Area.*
[10] *One cottah = 720 Sq. ft.*
[11] *Kolkata Metropolitan Development Authority*

The Project Report submitted by Company-Y included construction of a commercial office tower, family entertainment centre and budget hotel which were all commercial in nature and was at variance with the revised project report of November 2001.

KMDA did not include any provision in the allotment letter as regards the time frame for commencement of the project, change of land use and ownership but allowed such transfer of land in the name of another Company for a purpose other than that for which it was originally allotted.

Thus, KMDA allowed undue favour to the Company-X sustaining a loss of Rs 4.23 crore[12] while the objective of the development of an International Social Infrastructure Project for the West Bengal Information Technology industry and related ancillaries remained unachieved.

PUBLIC WORKS DEPARTMENT

4.1.4 Loss due to short supply of bitumen

Executive Engineer, Resources Division-I failed to recover the cost 1302 MT of bitumen short supplied by the Indian Oil Corporation Limited which resulted in loss of Rs 3.11 crore to the Government at current prices.

The Resources Divisions (RD-I & II) of the Department were entrusted to procure, *inter alia*, bitumen centrally for use in Public Works Divisions. RDs, on the basis of indents placed by the Divisions, procured bitumen mainly from Indian Oil Corporation Limited (IOCL) on payment of advance. The advance was to be adjusted in Divisional Accounts based on quantity of bitumen received by the consignee divisions. Subsequently, from the year 1997-98, a credit system was introduced and the payments were made as and when the debit was raised by the IOCL.

Mention was made in Local Audit Inspection Reports of the RDs pertaining to 2000-2001 and 2005-2006 regarding short supply of bitumen by the IOCL and recovery of outstanding advances. Superintending Engineer (SE), Resource Circle, in reply to the Inspection Reports, stated that effective steps would be taken to reconcile the outstanding balances with IOCL.

Audit scrutiny in January 2007, however, showed that the RD-I preferred a claim to the IOCL for Rs 79.63 lakh towards short supply of 1302 MT of bitumen pertaining to 1996-1997 only in April 2005 to which the IOCL stated (July 2007) that the claim for short supply of bitumen could not be entertained at that stage as the old records were not available with them.

[12] *Commercial rate: Rs 3.53 lakh per cottah*
Industrial rate: Rs 2.38 lakh per cottah
Difference: Rs 1.15 lakh per cottah
Total loss: Rs 1.15 X 367.72 = Rs 4.23 crore

Thus, the delay in preferring the claim towards short supply of 1302 MT of bitumen by the Executive Engineer RD-I, despite being pointed out during local audit inspections, resulted in a loss of Rs 3.11 crore[13] at current prices.

The matter was reported to Government in December 2006 followed by a reminder in January 2007 and to the Finance (Internal Audit) Department, in March 2007. Reply had not been received (September 2007).

SCHOOL EDUCATION DEPARTMENT

4.1.5 Wastage of text-books

The Directorate of School Education declared (November 2006) existing text-books obsolete owing to only a few minor mistakes/defects without any reason resulting in wastage of 23.99 lakh text-books worth Rs 1.68 crore.

For universalisation of primary education, State Government distributes nationalised text-books among the students of Class I to V of all Government as well as Government-aided schools free of cost.

Mention was made in paragraph 4.2.5 of the Civil Audit Report for the year ending March 2006 on printing of text books in excess of requirement, which, consequent upon change of syllabi, rendered the undistributed text books obsolete resulting in loss to the Government exchequer.

Records of the Assistant Director of Primary Education (Text Books) showed (January 2007) that in a meeting[14] held in November 2006, owing to few major and minor mistakes, the entire stock of the then existing text-books were declared as obsolete. Accordingly the Directorate of School Education discarded the existing 80.76 lakh copies of 24 titles of text-books (worth Rs 5.29 crore) printed up to December 2005 and lying in district godowns. The works of printing and distribution of the new versions of text-books were entrusted to M/s Saraswati Press Limited, a State Government undertaking.

A comparative study of the old and new versions of 13 titles of text-books showed that in case of eight titles[15] (17.54 lakh copies worth Rs 1.09 crore), new versions were mere reprints of the old books. In case of other five titles[16] of text-books (6.45 lakh copies worth Rs 58.70 lakh), the new books had only very minor changes due to a few small defects or mistakes in the old ones. The decision of

[13] *1302 MT of bitumen at the current price of Rs 23900 per MT*

[14] *The meeting was presided over by the Director of School Education and attended by the President, West Bengal Board of Primary Education, Managing Director, Saraswati Press Limited, Assistant Secretary, WBBME and Assistant Director of Primary Education (NTB)*

[15] *Bengali versions of Kishalaya, Naba Ganit Mukul and English and Hindi version of Naba Ganit Mukul for Class I; SahajPath, Kishalaya and English for Class II; Kishalaya and Hindi version of Itihas tatha Bhugol for Class III*

[16] *Prakriti Bignan and English for Class III; Kishalaya, Prakriti Bignan and Naba Ganit Mukul for Class V*

the directorate in declaring the entire stock of those 13 titles of nationalised text-books as obsolete, thus, lacked justification.

Thus, unjustified decision of the directorate to declare the then existing text-books as obsolete either without any reason or owing to only a few minor mistakes/defects, resulted in wastage of 23.99 lakh text-books worth Rs 1.68 crore.

The department while accepting (August 2007) the audit observations instructed the Directorate of School Education to henceforth make appropriate examination of the text-books before determining its obsoleteness; minor corrections in the books were to be supplemented by corrigenda and revision of books to be done only in case of change in content/syllabi. The department also instructed the Directorate to re-examine the decision of declaring the books obsolete.

4.2 Infructuous/Wasteful expenditure and Overpayment

CO-OPERATION DEPARTMENT

4.2.1 Infructuous expenditure on construction of cold storage

Extending financial assistance to a co-operative society for construction of a cold storage in the proximity of an aerodrome ignoring restrictions rendered the expenditure of Rs 1.62 crore infructuous.

The Department accorded (January 2002) administrative approval to Cooch Behar Samabay Himghar Samity Limited (Samity) for construction of a cold storage[17] at Chakchaka in Coochbehar district, at an estimated cost of Rs 1.80 crore and sanctioned Rs 1.62 crore to the Samity (share capital: Rs 45 lakh, loan: Rs 72 lakh and subsidy: Rs 45 lakh) to meet the cost of construction of the cold storage. Remaining Rs 18 lakh was to be provided by the Samity itself. The cold storage, with a height of 19.80 metres, was proposed to be constructed on a plot of land at a distance of less than one kilometer (770 metres) from Coochbehar aerodrome.

While according the approval for the said construction, the Department, however, did not take into account the restrictions imposed by Ministry of Civil Aviation, Government of India (through a notification dated January 1988) on the height of constructions within a radius of 20 kms of an airport. Neither did the department insist that the Samity refer the matter to the Airports Authority of India (AAI) for obtaining necessary permission (No Objection Certificate).

The department released Rs 1.62 crore (Rs 45 lakh in January 2002, Rs 72 lakh in April 2003 and Rs 45 lakh in May 2005) to the Samity and construction of the cold storage was completed in January 2006 at a cost of Rs 1.87 crore without any clearance from AAI.

[17] *with a capacity of storing 5000 MT of potatoes and 330 MT of other vegetables*

As the cold storage was constructed beyond the permissible height, Civil Aviation Department of GOI served (December 2006) a notice to the Samity and ultimately ordered (July 2007) the Samity to reduce the height of the cold storage by 5.778 metres within a period of two months from the date of receipt of the order. The Samity, however, demolished (August 2007) the cold storage as the cold storage with the reduced height would not be commercially viable and decided to construct a new cold storage at another suitable place outside the vicinity of the aerodrome. Thus, the expenditure of Rs 1.87 crore (of which Government assistance accounted for Rs 1.62 crore) incurred on construction of the cold storage proved to be infructuous.

The Samity decided in April 2007 that the matter regarding repayment of share capital/loans and payment of interest to Government would be kept in abeyance on the ground that the cold storage was not put to commercial operation and it would have to be ultimately demolished.

Thus, extending financial assistance to a co-operative society for construction of cold storage in the proximity of an aerodrome ignoring extant provisions of GOI notification regarding civil construction within the vicinity of the airport resulted in infructuous expenditure of Rs 1.62 crore to the government.

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

DISASTER MANAGEMENT DEPARTMENT

4.2.2 Procurement and distribution of relief materials

The department incurred an extra expenditure of Rs 3.43 crore on procurement of fabricated tarpaulins; while tarpaulins worth Rs 0.78 crore were damaged due to delayed issue of release order. Further, muster rolls in support of disbursement of cash relief of Rs 29.29 lakh and distribution of relief materials/wheat worth Rs 1.84 crore were not produced to audit.

Disaster Management Department is responsible for providing relief and rehabilitation to distressed persons, rendered helpless by natural calamities, indigent and destitutes. Test-check of records of the department/directorate and District Magistrates (DMs) of two districts (South 24 Parganas and Darjeeling) along with six Sub-Divisional Officers (out of nine) and 11 Block Development Officers (out of 39) under them, disclosed the following irregularities relating to procurement and distribution of relief materials:

4.2.2.1 Procurement of relief material

(i) Tarpaulines

Till 2004-2005, the department used to purchase poly agri-film rolls and get poly-tarpaulins fabricated through outside agencies as fabrication of poly-tarpaulins by procuring poly agri-films was cost effective.

In May 2005, the department issued tender notice for procurement of two lakh pieces of fabricated tarpaulin and out of rates quoted by 12 firms; the offer of Rs 469.90 per piece was the lowest. The department, however, procured 4.97 lakh tarpaulins during October 2005 to March 2007 from Haldia Petrochemicals Limited (HPL) at a negotiated price of Rs 523 per piece even though HPL did not participate in the tender. Even the price negotiation with reference to the lowest offer was not attempted. Thus, the department incurred an extra expenditure of Rs 2.64 crore as compared to the lowest offer.

Further, if the tarpaulins were fabricated through fabricators by supplying poly agri-films, the cost of each tarpaulin would have been Rs 454[18]. Instead, the department procured fabricated tarpaulins on the ground that there was discrepancy in accounting of remnants[19]. The contention was not tenable inasmuch as remnants were to be returned by fabricators as per norm[20] fixed by the department. Thus, by procuring fabricated tarpaulins, instead of getting the same fabricated by procuring poly agri-films, the department sustained an additional loss of Rs 79.02 lakh.

Besides, the department sent (June 2001) 15000 tarpaulins (received from UNICEF free of cost) to the zonal godown at Siliguri. The order for distribution was, however, issued after four years in June 2005; by this time the quality of tarpaulins had deteriorated due to prolonged storage. Meanwhile, fresh stock of tarpaulins was issued in lieu of these during 2002-2005 incurring an avoidable expenditure of Rs 78.45 lakh.

(ii) Purchase of blankets

The department placed (May-October 2006) orders on seven firms for supply of 2.88 lakh cotton blankets at Rs 77.75 per piece and 2.85 lakh woolen blankets at Rs 102.80 per piece. The firms supplied only the woolen blankets. In absence of any penal clause in the purchase orders for non-supply, the department could not take any action for non-supply of cotton blankets. Instead, it modified the earlier orders in December 2006 for supply of 2.20 lakh woolen blankets in place of 2.88 lakh cotton blankets resulting in an extra expenditure of Rs 55.12 lakh.

The Director of Relief stated (May 2007) that there was no bar in providing woolen blankets in place of cotton ones. The contention was not tenable as the department purchased both cotton and woolen blankets suiting the local climate.

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[18] *Cost of poly agri-film: Rs 441 plus cost of fabrication: Rs 13*
[19] *Cut pieces of poly agri-film*
[20] *As per norm fixed by department in July 2004, 1.300 kg of remnants per roll of poly film (45.45 kg on an average) was to be returned to the department by the fabricator.*

(iii) Procurement of children garments

The children garments suitable for other districts were not suitable for Darjeeling, being hilly district. The department, however, did not procure suitable garments separately for Darjeeling district. Out of 33500 garments allotted to the DM during 2002-2007, only 7200 were distributed and the balance stock worth Rs 7.89 lakh remained undistributed being unsuitable for Darjeeling. No action was taken for distribution of the garments elsewhere leading to unfruitful expenditure of Rs 7.89 lakh.

4.2.2.2 Distribution of relief materials/grants

Following irregularities were observed in distribution of relief materials and disbursement of Gratuitous Relief/House Building/Economic Rehabilitation grants:

(i) Distribution of materials through MLAs

Muster Rolls in respect of distribution of clothing materials and blankets costing Rs 92.29 lakh by the MLAs in South 24-Parganas and Darjeeling districts were not produced to audit (February and March 2007).

(ii) Gratuitous Relief (GR)

Normal Gratuitous Relief (NGR) at 12 kg wheat per person per month is provided to lunatics, cripples, blinds, aged and infirm persons throughout the year and Special Gratuitous Relief (rice/wheat) is provided to the victims of natural calamity as well as the victims of fire accident/riot/arson as emergency relief.

During 2002-2007, 16700 identified beneficiaries were deprived of specified quota of NGR for nine to 18 months due to short allotment of 5321 MT of wheat by department and non-lifting of 389.12 MT of wheat by five[21] SDOs. Out of 11 BDOs test-checked, 10 BDOs could not produce the approved beneficiary list for distribution of Gratuitous Relief.

Further, Muster Rolls in support of distribution of 1230 MT of NGR wheat valuing Rs 80.58 lakh (out of 1791 MT distributed), 33.07 MT of Special GR wheat valuing Rs 2.16 lakh (out of 39.10 MT distributed) and 107.37 MT Special GR rice valuing Rs 9.44 lakh (out of 115.50 MT distributed) could not be produced to audit by11 BDOs.

(iii) Economic Rehabilitation Grant(ER)

The families with no income or monthly income up to Rs 1000, were given ER grant of Rs 1000[22] for purchase of stock in trade like poultry, groceries, etc. or appliances like sewing machine, etc, for their rehabilitation. The list of beneficiaries was to be approved by District Screening Committee and the

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[21] SDO, Kalimpong: 14.4 MT, SDO, Kakdwip: 161.93 MT, SDO, Alipur: 186.75 MT, SDO Canning: 5.99 MT, SDO Baruipur: 20.05 MT

[22] Rs 2000 for purchase of sewing machine which was to be supplied in kind

beneficiaries were to be identified by Municipal Commissioner (MC) or Sabhapati of Panchayat Samiti at the time of payment.

None of the SDOs/BDOs could produce the list of beneficiaries approved by the District Screening Committee. SDO of Baruipur and BDOs of Takda and Gorubathan paid ER grant of Rs 2.79 lakh to 279 beneficiaries without identification by MC/Sabhapati. Besides, SDO, Baruipur and BDO, Namkhana could not produce the Muster Rolls in support of payment of ER grant of Rs 2.89 lakh.

In violation of guidelines, BDOs of Gorubathan and Kalimpong-I paid Rs 2000 to each of 21 beneficiaries in cash instead of giving sewing machine. The Block Relief Officers (BROs) also did not ensure fruitful utilisation of grants.

(iv) House Building Grant

House Building Grant of Rs 1000 to Rs 4000 was paid to the indigent families who had no financial resources to rebuild or repair their dwelling houses damaged/destroyed due to natural calamities, accidental fire, etc. A three member joint inspection team comprising representatives of Gram Panchayat, Panchayat Samiti and BDO was to be formed in each block for enquiry and identification of beneficiary. It was, however, observed that HB grant of Rs 66.82 lakh was paid by six BDOs to the beneficiaries identified by BROs without forming joint inspection team. Further, BDO, Kakdwip could not produce Muster Rolls in respect of disbursement (February 2004 to October 2006) of HB grant of Rs 26.40 lakh.

It was also observed that the SDO, Kalimpong disbursed (October 2005) HB grant of Rs 1.27 lakh to 92 beneficiaries without receiving any application. These people were identified for payment of HB grant on the basis of list of recipients of tarpaulins in July 2003. The SDO admitted (March 2007) that payment was inadvertently made.

Thus, the department incurred an extra expenditure of Rs 3.43 crore on procurement of fabricated tarpaulins. Besides, the distribution of relief materials worth Rs 1.84 crore (clothing materials: Rs 92.29 lakh, NGR wheat: Rs 80.58 lakh, Special GR rice and wheat: Rs 11.60 lakh) and disbursement of cash relief of Rs 29.29 lakh (ER grant: Rs 2.89 lakh and HB grant: Rs 26.40 lakh) were doubtful as the Muster rolls in support of distribution/disbursements were not produced to audit.

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

HOUSING DEPARTMENT

4.2.3 Overpayment of pay and allowances

West Bengal Housing Board allowed its employees to avail Modified Career Advancement scheme, 2001 in violation of the orders of the Government of West Bengal resulting in an overpayment of Rs 74.39 lakh to its employees.

Government of West Bengal (GOWB) allowed (June 1990) the employees of the State Government, Government Undertakings/Statutory Bodies/ Corporations etc. with effect from April 1989, to avail the benefits of Career Advancement Scheme (CAS) after the completion of 10 and 20 years of continuous service in respective scales, without any promotion in the intervening period, and subject to the fulfilment of other specified conditions.

GOWB modified (March 2001) the CAS (MCAS) for only state government employees with effect from January 2001 giving benefits after completion of eight, 16 and 25 years of continuous service subject to the fulfilment of other specified conditions. As per the existing instructions, it was not permissible to extend pecuniary benefits to the employees of Government Undertakings/Statutory Bodies/Corporations etc. without obtaining prior approval from the Government.

However, scrutiny in audit (August 2006) showed that the West Bengal Housing Board (Board) in its 366th meeting (June 2001) allowed MCAS to its employees with effect from January 2001 without obtaining prior approval from the Government. GOWB, at the level of the Chief Secretary, reiterated (May 2002) that it was not permissible to allow MCAS to the employees of Government Undertakings/Statutory Bodies/Corporations without its prior approval. Accordingly the Finance Department (FD) instructed (August 2002) the Departmental Principal Secretaries/Secretaries to enforce the order *ibid* and recover the overdrawals under MCAS. The Housing Department requested (July 2005) the Board to cancel its order granting benefits under MCAS and recover the overdrawals. However, neither did the Board cancel the order nor did it recover the overdrawals and consequently the employees of the Board continued to draw pay and allowances at the enhanced rate fixed under MCAS as of March 2007. This led to overpayment of Rs 74.39 lakh on account of pay and allowances to the employees of the Board up to March 2007.

The Board stated (February 2007) that the benefit of MCAS was extended to the State Government employees by Government of West Bengal and there was no reason why the same should not be allowed to the employees of the Board when all the financial burden on this account was borne from its own funds. The FD stated that the Board of any Statutory Body/Government Undertaking/Corporation etc. could not allow MCAS 2001 benefits to their employees without prior approval of the Government.

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

IRRIGATION AND WATERWAYS DEPARTMENT

4.2.4 Excess payment due to faulty analysis of unit rate

Inclusion of inflated item rate in the Schedule of Rates of Greater Calcutta Drainage Circle resulted in excess payment of Rs 2.59 crore to a contractor.

Superintending Engineer (SE), Greater Calcutta Drainage Circle (GCDC) awarded (February 2005) the work of re-sectioning and flood protection of river Ichamati[23] to a contractor at the tender cost of Rs 24.76 crore for completion by February 2006. The work was completed in July 2006 and the contractor was paid Rs 24.19 crore as of January 2007 pending disposal of final bill.

The re-sectioning work, *inter alia*, included excavation of silted earth by mechanical means. The composite unit (m^3) rates of excavation of silted earth provided in the tender schedule as per SOR were Rs 152 to Rs 166 per m^3 depending upon the respective distance from the point of excavation to the placing point on the bank. Accordingly Rs 22.49 crore was paid to the contractor for excavation of 15.18 lakh m^3 of silted earth as of January 2007.

Scrutiny of records of SE (April 2007) showed that the composite unit (m^3) rates of excavation of earth provided in the tender schedule as per SOR, included one time fixed expenses for mobilisation (Rs 1.25 lakh) and demobilisation (1.25 lakh) of excavators, pontoons, boats and grab/cranes at/from the site of work respectively and variable cost components.[24] The unit rate of excavation was arrived at by dividing the total monthly cost (one time fixed cost plus monthly variable cost) with the monthly dredging capacity of the excavator (15120 m^3). As a result, the unit rate of excavation had been inflated by Rs 19 per m^3. The fixed cost component (Rs 2.5 lakh plus 15 *per cent* sundries and profit) should have been provided in the SOR as a separate item.

Had the analysis of rates been done correctly, the unit rates of excavation of silted earth would have been Rs 133 to Rs 147 per m^3 depending upon the distance plus the fixed cost component of Rs 2.87 lakh (including sundries and profit).

Thus due to faulty analysis of unit rates of excavation of silted earth in the SOR, the provision of unit rate in the specific tender schedule became inflated by Rs 19 per m^3 resulting in excess payment of Rs 2.59 crore[25] to the contractor on this account.

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[23] *From B.S.F bridge at Kalanchi near Berigopalpur (132.50 K.M) downstream of bridge at Tentulia (157.40 K.M) in the district of North 24 Parganas*

[24] *Hire charges of Po-clain excavator, grab type excavator, pontoon, boats, generator, cost of fuel (diesel), lubricant, lighting arrangement and wages of operator, electrician, crews and daily labour.*

[25] *Actual payment for fixed cost component :- 1518195m^3 @ Rs 19 = 2.88crore*

Entitlement for fixed cost component :- Rs 2,87,500 X 5	*= 0.14 crore*
Difference	*= Rs 2.74 crore*
Less contractual percentage	*= Rs 0.15 crore*
Excess payment	*= Rs 2.59 crore*

The Department admitted (August 2007) the error of not considering the fixed cost in calculating the unit rates but stated that certain omissions, like lower output of dredger and hire charges of equipment for 30 days instead of 28 days had inadvertently not been incorporated in the unit rates, which, if taken into account, there might not have been any difference in the unit rates.

The reply of the Department (August 2007) was an apparent afterthought since the agency had accepted (February 2005) the unit rate taking into account the monthly dredging capacity of 15120 m^3 instead of 13608 m^3 as subsequently claimed by the department.

POWER DEPARTMENT

4.2.5 Infructuous expenditure on Rural Electrification Corporation loan

Winding up of Labhpur Rural Electric Co-operative Society Limited, Birbhum, without starting its operation, resulted in infructuous expenditure of Rs 60.25 lakh towards Rural Electrification Corporation loan.

Labhpur Rural Electric Co-operative Society Limited (Society) was established in October 1994 for electrification of 159 villages at Labhpur PS area in Birbhum district. The electrification project was administratively approved in March 1995. The Rural Electrification Corporation (REC), a Government of India enterprise, agreed to lend Rs 2.02 crore as project loan for the same. According to the terms and conditions of the loan as agreed upon between REC and the Power Department, in the event of any default in payment of instalment of interest or of repayment of principal the State Government was liable to pay penal rate of compound interest at much higher rates[26].

REC disbursed Rs 50 lakh to the Society for the project in March 1997 with five years moratorium under the guarantee of the State Government; the Society invested the funds in fixed deposits/cash certificates etc. in a co-operative bank.

Scrutiny (June 2006) of the records of Power Department showed that the Society did not start functioning for various reasons[27] and repayment of the REC loan did not start. The Department also took no initiative to repay the loan by invocation of guarantee. Finally a decision of abandonment of the project and winding up of the Society was arrived at in February 2002. In August 2004, the Society paid Rs 80 lakh to REC out of its invested funds, which was fully consumed in adjusting a major portion of the overdue interest and penal interest. The assets of the Society being exhausted, the State Government had to bear the liability of repayment of loan of the Society along with balance of interest/penal interest

[26] *Normal rate of interest: five per cent; For default upto three months :penal rate of compound interest at 2.5 to 2.75 per cent above the normal rate of interest of 5 per cent per annum; For default beyond three months: penal interest at five per cent above the RBI rate/Bank rate*

[27] *Theft of electricity, non-installation of power transformer of required capacity, formation of WBREDC etc.*

accrued thereon. The Department ultimately repaid (March and May 2006) Rs 60.25 lakh in full and final settlement of the loan.

Thus, non-functioning of the Co-operative Society for almost five years even after receiving REC loan at a high rate of interest resulted in infructuous expenditure of Rs 60.25 lakh from the Government exchequer towards that loan.

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

PUBLIC ENTERPRISE DEPARTMENT

4.2.6 Wasteful expenditure

Decision of reviving Krishna Silicates and Glass Limited, without assessing its viability with regard to the required infrastructure and technical expertise for a new project led to wasteful expenditure of Rs 1.15 crore

A revival plan of Krishna Silicates and Glass Limited (KSGL), a State owned undertaking, was approved by Government in 1998 for modernisation and revamping of the glass container production plant, which had been under closure since 1991, at a cost of Rs 2.67 crore. A new project for manufacturing of ceramic glazed wall tiles by modernisation/revamping of the existing plant was also taken up (1998) at a cost of Rs 5.13 crore. The Department released Rs 7.80 crore as grant in phases till December 2000 for implementation of both modernisation works and glazed tiles projects.

However, for want of experienced technical and managerial staff, non-functioning of certain machines due to long closure of the plant, huge pre-operative expenses and increase in the price of the refractories, production of glass containers could be started only partially during 2000-2001. Moreover, funds earmarked for the glazed tiles project were also utilised to meet the price escalation and cost over run in the revival project.

On request of KSGL, which was essentially an appeal for reimbursement of cost over-run of the revival project[28], a soft loan of Rs 1.15 crore was sanctioned (March 2001) by the State Government for commissioning the new glazed tiles unit. The loan (bearing interest rate of 8.75 *per cent*) was for a period of five years with a moratorium period of two years. Nothing was on record as to show whether viability of the project was assessed in light of availability of required infrastructure and technical expertise before sanctioning the loan. The ceramic tiles unit, however, failed to take off and no part of the loan was repaid to Government. The glass container plant also stopped production in August 2001.

Government ultimately decided (February 2005) to close down the company by offering early retirement benefits to its 300 employees with effect from

[28] *As opined by the Chairman, Strategic Business Expert Group under the department*

March 2005 thereby rendering the loan of Rs 1.15 crore wasteful leaving remote chance of recovery of that loan.

The Government in its reply attributed (August 2007) the non-commissioning of the tiles plant to fall in the market demand of small tiles and claimed, without any corroborative evidence, that an expert group had been engaged to verify the viability of the project before sanctioning the loan. Department, however, failed to offer any cogent reason behind non-revival of the glass unit.

PUBLIC WORKS DEPARTMENT

4.2.7 Wasteful expenditure due to overlapping of works

Superintending Engineer, Western Circle-1 allowed improvement of riding quality on a stretch of Barakar Purulia Road where widening and strengthening work was taken up before the completion of earlier work resulting in wasteful expenditure of Rs 46.31 lakh.

Superintending Engineer (SE), Western Circle-1 (WC-1) awarded (September 2005) the Improvement of Riding Quality (IRQ)[29] work on a 5.5 kilometers stretch (8 KMP to 13.5 KMP) of Barakar-Purulia Road to a contractor at Rs 47.03 lakh for completion by April 2006. The work order was issued (September 2005) with the instruction to start the work from 5 October 2005. The contractor started the work in December 2005 and was paid Rs 47.27 lakh in March 2006 on completion of the work.

Scrutiny (June 2007) showed that SE, WC-1 approved an estimate of Rs 22.71 crore in June 2005 for another work of widening and strengthening of the same road from 6.65 KMP to 74 KMP (including the stretch between 8 KMP and 13.5 KMP) which was administratively approved in October 2005. The work order was issued to a government company in December 2005 by the same SE to execute the work at Rs 21.99 crore for completion by January 2008. The work was in progress and the company was paid Rs 12.24 crore as of March 2007.

Thus, when the widening and strengthening work for the full stretch of the road was being processed by the same SE, there was no justification to award the IRQ work on an overlapping stretch of the road. If any delay was apprehended for the later work, the depression of 971.2 m^2 of the road surface area on the 5.5 KM stretch could have been corrected temporarily at Rs 0.96 lakh. But the SE, WC-1 allowed the execution of IRQ work although as per the tender agreement the scope of the work could have been restricted to the repairing of depression to avoid overlapping of the work.

As a result, bituminous base course, wearing course and seal coat laid on the existing road surface under IRQ work were superimposed within a short span of

[29] *Smooth riding capability of road by mending depressions, maintaining lines and grades and then covering the road with wearing course.*

time by another two layers of bituminous base course and one layer of wearing course under the second agreement. This rendered the works executed under the first agreement superfluous and led to wasteful expenditure of Rs 46.31 lakh.

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

4.3 Violation of contractual obligations/Undue favour to contractors

CO-OPERATION DEPARTMENT

4.3.1 Excess expenditure on undue subsidy to a co-operative society

The department incurred additional expenditure of Rs 50.68 crore towards payment of undue subsidy for extra financial benefits extended by West Bengal State Co-operative Marketing Federation Limited to the rice millers/ transporters, etc.

Under the scheme of decentralised procurement (DCP) of foodgrains under Targeted Public Distribution System (TPDS), the Food and Supplies (F&S) department of the State Government was responsible for procurement of paddy from the farmers at the minimum support price[30] (MSP) fixed by the Government of India (GOI). The paddy was to be milled into the custom milled rice (CMR) in Rice Mills. The out-turn ratio of rice from paddy was fixed by GOI at 68 *per cent.* The GOI also determined the State-specific economic cost (which comprised of MSP, procurement incidentals, milling charges, transportation, storage, loading and unloading, cost of gunny bags, interest on investment, etc.) for procurement of rice. The difference between the economic cost and Central Issue Price[31] (CIP) was paid by GOI to the State as food subsidy. The selling price of rice was fixed by F&S department by adding overheads and administrative charges to CIP.

The F&S department placed orders on West Bengal State Co-operative Marketing Federation Limited (BENFED) between January 2003 and November 2005 for supply of 1.87 lakh tonnes of rice at Rs 9239 per tonne during 2002-2004, 2.10 lakh tonnes at Rs 9357.20 per tonne during 2004-2005 and 2.50 lakh tonnes at Rs 9507.10 per tonne during 2005-2006. The prices fixed by F&S department were based on the economic costs fixed by GOI from time to time.

BENFED supplied 5.78 lakh tonnes of rice to F&S department during 2002-2006 and received payments from F&S department at the aforesaid rates. Although the

[30] *Rs 530 per quintal in 2002-2003, Rs 550 per quintal in 2003-2004, Rs 560 per quintal in 2004-2005, and Rs 570 per quintal in 2005-2006.*
[31] *Price at which foodgrains were issued by GOI to State for distribution under TPDS*

F&S department placed procurement orders and made payments for the same, the Co-operation Department, in response to the claims preferred by BENFED between December 2003 and January 2006, paid an additional amount of Rs 50.68 crore (including service charge, commission, etc, of Rs 11.88 crore) to BENFED during January 2004 to March 2007 as subsidy against loss sustained by BENFED on procurement of rice for F&S Department.

Test-check of records (July-August 2007) of Co-operation department showed the following:

(i) Although the price of rice for distribution under TPDS was fixed by F&S department by adding overheads and administrative charges to CIP, the Co-operation department paid Rs 11.88 crore to BENFED towards service charge, commission, etc, without referring the matter to F&S department for consideration for the purpose of fixation of price of rice.

(ii) During 2002-2005, BENFED allowed out-turn ratio at 63 *per cent* to the rice mills instead of 68 *per cent* fixed by GOI and thereby extended an extra financial benefit of Rs 24.33 crore to the millers towards less yielding of 27667 tonnes of rice. On request of BENFED, the Co-operation department paid Rs 24.33 crore to BENFED as subsidy for the loss sustained by it.

(iii) The prices of rice paid by F&S department included transportation charge of Rs 95.70 per tonne and milling charge varying from Rs 170 to Rs 200 per tonne of paddy during 2002-2006. BENFED, however, allowed milling charge at Rs 350 per tonne to millers and thus, allowed further benefit of Rs 9.72 crore to millers. On the request of BENFED, the Co-operation department reimbursed Rs 9.72 crore to BENFED as subsidy for the extra expenditure incurred by it on this count. Similarly, the Co-operation department paid an additional amount of Rs 3.22 crore to BENFED on the basis of its claim for payment of transportation charge at Rs 105 per tonne during 2002-2004 and Rs 230 per tonne during 2005-2006 instead of Rs 95.70 per tonne fixed by F&S department.

(iv) Although the prices paid by F&S department included the labour charges for filling, stitching, weighing, loading and unloading, etc. the Co-operation department paid further amount of Rs 1.53 crore (at Rs 66.50 per tonne for 2.30 lakh tonnes of rice supplied to F&S department) on this count during 2005-2006. Such payment, however, had not been made by the department during 2002-2005.

Thus, the Co-operation department incurred an additional expenditure of Rs 50.68 crore towards payment of undue subsidy for extra financial benefits extended by BENFED to the millers, transporters, etc, against the procurement orders placed on it by F&S department.

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

FOOD AND SUPPLIES DEPARTMENT

4.3.2 Undue benefit to procurement agencies by non-recovery of price of by-products

Non-adjustment of price of by-products while releasing payments against procurement and milling of paddy and supply of rice by procurement agencies resulted in undue benefit worth Rs 42.12 crore to procurement agencies.

In order to ensure availability of minimum support price (MSP) of paddy to the farmers and to maximise procurement of rice, decentralised procurement operation was introduced during the Kharif Marketing Season (KMS) 1997-1998, and continued also for KMS 2005-2006. Under this system, various State Government agencies[32] purchase paddy directly from the farmers at the MSP (Rs 570 per Quintal) and after milling of the same, deliver the custom milled rice (common parboiled rice) to the Department for distribution under Targeted Public Distribution System (TPDS).

As per the order (October 2005) of Ministry of Consumer Affairs, Food and Public Distribution, Government of India, the out-turn ratio in conversion of paddy into rice for KMS 2005-2006 was fixed as 68 *per cent*; the process would also yield bran (4.5 kg) and husk (27.5 kg) as by-products. As per the above order, the Department would pay Rs 959.46 or Rs 950.71[33] per quintal of rice to the agencies.

In December 2005, the Department entered into Memoranda of Understanding (MOU) with WBECSC, BENFED and CONFED for supply of custom milled rice at the above rate. No agreement was, however, entered into with National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED) for supply of custom milled rice. As per the MOU, the sale value of the by-products was to be adjusted while releasing payments to the procurement agencies.

Scrutiny (March 2006) of records of the Director (Finance) of the department disclosed that during KMS 2005-2006 these agencies supplied 3.38 lakh tonnes of CMR to the Department and were paid Rs 321.47 crore (Rs 218.62 crore to BENFED, Rs 36.44 crore to WBECSC, Rs 39.59 crore to CONFED and Rs 26.82 crore to NAFED). According to GOI norms, yielding of 3.38 lakh tonnes of CMR (by processing 4.97 lakh tonnes of paddy) was to produce 0.22 lakh tonnes of bran (Rs 13.42 crore) and 1.37 lakh tonnes of husk (Rs 28.70 crore) worth Rs 42.12 crore as by-products, which should have been recovered from these agencies. The Department, however, in deviation from the

[32] *West Bengal Essential Commodities Supply Corporation Ltd. (WBECSC Lt.), the West Bengal State Co-operative Marketing Federation Ltd. (BENFED), State Consumers' Co-operative Federation Ltd. (CONFED)*

[33] *where advances were provided by the State Government to these agencies for procurement*

provision of the MOU, did not recover the price of bran and husk while releasing payment to the agencies, thereby extending undue favour to them.

Thus, non-recovery of price of by-products against procurement and milling of paddy and supply of custom milled rice resulted in undue benefit amounting to Rs 42.12 crore to those agencies.

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

4.3.3 Undue benefit to flour mills by way of excess issue of wheat

Lack of monitoring by District Controller of Food and Supplies, Darjeeling in monitoring over milling of specially subsidised wheat and supply of whole meal atta meant for Public Distribution System resulted in undue benefit of Rs 11.14 crore to two flour mills.

Under the Targeted Public Distribution System (TPDS), the State Government, with the approval of the Ministry of Consumer Affairs, Food and Public Distribution, Government of India, introduced (February 1998) a programme for distribution of fortified whole meal atta to the consumers by way of conversion of consumption quota of wheat in three hill sub-divisions of Darjeeling (Darjeeling Sadar, Kalimpong and Kurseong). According to the Government order, the atta was to be distributed to the consumers within three weeks of milling. The scheme also envisaged strict vigilance on the part of the State Government to prevent diversion of the atta to open market. To implement the programme, the department appointed two private Roller Flour Mills (RFM), which were to lift wheat from FCI at a specially subsidised price of Rs 443 per quintal, and, after milling, supply whole meal atta to MR dealers at Rs 580 per quintal.

As per GOI guidelines the conversion ratio for wheat into atta was stipulated at 95 to 98 kg of atta per quintal of wheat. Scrutiny of records of the District Controller of Food and Supplies (DCFS), Darjeeling disclosed that the selected flour mills lifted (April 2004 to November 2006) 10.58 lakh quintals of wheat from FCI and after milling the same, supplied only 7.80 lakh quintals of atta for distribution through PDS channels, though as per GOI norm, a minimum quantity of 10.05 lakh quintals atta was to be yielded. This resulted in short supply of 2.25 lakh quintals of atta worth Rs 23.60 crore (at the open market price of Rs 1050 per quintal) and undue benefit to flour mills of about Rs 11.14 crore.

The DCFS, Darjeeling neither looked into such short yielding of atta nor took any action to adjust the undistributed atta by proportionately reducing subsequent months' quota of wheat, though the government order had provided for the same. No vigilance was exercised to prevent diversion of the short-supplied atta to open market either.

Thus, inaction on the part of DCFS, Darjeeling to monitor over milling of wheat and supply of atta resulted in undue benefit of Rs 11.14 crore to two Roller Flour Mills.

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

INFORMATION TECHNOLOGY DEPARTMENT

4.3.4 Undue aid to a Government undertaking

Decision of the Government to reimburse the subsidy allowed by West Bengal Electronic Industries Development Corporation limited for sub-lease of free hold land resulted in extension of undue benefit of Rs 47.09 lakh to that corporation.

As a matter of policy of promotion of IT industries, the land at Sector V of Salt Lake was leased by the Urban Development Department free of cost to West Bengal Electronic Industries Development Corporation Limited (WBEIDC), a State Government Undertaking, for 999 years. These plots of land are in turn sub-leased by WBEIDC to various IT industries. The land price for such sub-lease had been fixed by WBEIDC at Rs 37 lakh per acre.

A plot of land measuring 2.77 acres in Sector V, Salt Lake was subleased by WBEIDC to an IT company X for a lease of 90 years at a price of Rs 20 lakh per acre.

A test-check of records (May 2007) of the Information Technology Department showed that allotment of land to X was made on the basis of Memorandum of Understanding (MoU) signed by X and WBEIDC in January 2004. However, just before the day of signing of the MoU, X requested for a subsidy of Rs 17 lakh per acre on the price of the land, thereby effectively reducing the price of land from Rs 37 lakh per acre to Rs 20 lakh per acre, on the plea that the presence of the company would attract additional employment opportunities in the state. WBEIDC accepted the request for grant of subsidy to X and entered into the MoU. WBEIDC received the original price of Rs 102.49 lakh from X and refunded (December 2005) Rs 47.09 lakh to them as subsidy.

In spite of the fact that WBEIDC had received the land from Government free of cost, it moved (December 2005) the Information Technology Department to reimburse the subsidised amount (Rs 47.09 lakh).

The department sanctioned Rs 47.09 lakh (August 2006) in favour of WBEIDC ignoring the fact that the said amount was not actually a loss to WBEIDC. The decision of the department, thus, lacked justification and amounted to extension of undue financial aid to a Government undertaking.

The Department stated (August 2007) that the cross-subsidisation was made as a part of IT Policy of the State in view of prospect of further growth in IT Sector, export potential of IT sector and opening up job opportunities in the State. The Department was, however, silent about the rationale behind reimbursing the subsidy to WBEIDC, who had received the land free of cost.

PUBLIC WORKS (ROADS) DEPARTMENT

4.3.5 Undue financial aid to a contractor

Superintending Engineer, State Highway Circle-I, allowed inclusion of certain superfluous items in the tender schedule resulting in extra expenditure of Rs 1.31 crore in the form of undue financial aid to a contractor.

Superintending Engineer (SE), State Highway Circle-I, allotted (August 2001) the work of construction of a pre-stressed concrete bridge of well foundation over river Bidyadhari at Chaitalghat, North 24 Parganas, to a contractor at a negotiated price of Rs 21.50 crore (including one *per cent* rebate) with provision of price escalation for completion by August 2004. The work was completed in August 2006 and the contractor was paid Rs 29.13 crore (including price escalation of Rs 7.63 crore) pending disposal of the final bill as of March 2007. The work was delayed mainly due to flood, delay in removal of high tension overhead line and unauthorised occupation of the approaches to the bridge.

The contractor, during negotiation, expressed (February 2001) his willingness to construct the bridge over river Bidyadhari at the same rates and terms and conditions which had been earlier approved for the construction of a similar nature of bridge over river Ichamati in the same district and subsequently completed by the same contractor in May 2001. Public Works (Roads) Department, Government of West Bengal, accorded (July 2001) approval for the works to be executed by the same contractor at the same rates and terms and conditions in respect of Ichamati Bridge keeping in view the expertise of the contractor in construction of bridge with caisson in deep and tidal rivers.

The construction of Ichamati Bridge, *inter alia*, included sinking of foundation well with caisson as per Indian Road Congress (IRC) specification. The contractor offered their rate for supplying, fabricating, placing, hoisting and positioning caissons and separate per meter rates for sinking of wells including hire charges of all tools and plants for Ichamati Bridge. Accordingly, the contractor was allowed payment at their offered rates after execution of the items and no separate payment for hire charges of barges for caisson sinking of well of Ichamati Bridge was claimed by the contractor.

Audit scrutiny (April 2007) revealed that the rates of caissons for wells and well sinking rates per meter provided in the tender schedule of Bidyadhari Bridge were proportionately taken from the rates of Ichamati Bridge. Besides, an additional item on account of hire charges of barges for caisson sinking of well and super structure of the bridge was also provided in the tender schedule of Bidyadhari Bridge. The hire charges of barges for caisson sinking of wells were incidental to the construction of caisson for wells and the well sinking rates. However, an additional payment of Rs 55.93 lakh (with one *per cent* rebate) was allowed for the Bidyadhari Bridge on this account which was not permissible.

Further, repetitive items of Formwork for super structure of the Bidyadhari Bridge were provided in the tender schedule although these items were not claimed by the same contractor in the case of Ichamati Bridge. The rates of Concrete/Reinforced concrete/Pre-stressed concrete and Formwork for Bidyadhari Bridge were separately provided at the rates of Ichamati Bridge. But, additional payment for the repetitive items of Formwork was again allowed in case of the tender schedule of Bidyadhari Bridge and payment of Rs 38.96 lakh (with one *per cent* rebate) was allowed to the contractor on this account.

Thus, the proposal sent to the Government, which stipulated that the rates and terms and conditions of the Bidyadhari Bridge were the same as those of Ichamati Bridge, was factually incorrect.

The inclusion of some superfluous items like hire charges of barges and repetitive items of Formwork in the tender schedule of Bidyadhari Bridge, thus, resulted in extra expenditure of Rs 1.31 crore including proportionate price escalation of Rs 35.97 lakh in the form of undue financial aid to the contractor.

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

URBAN DEVELOPMENT DEPARTMENT

Sriniketan-Santiniketan Development Authority

4.3.6 Undue benefit to a private agency

Contravening provisions of agreements of lease, Sriniketan-Santiniketan Development Authority extended undue benefit of Rs 28.71 lakh to a licensee of Rabindra Bhavan Geetanjali Complex, Bolpur by shouldering the cost of repair/maintenance.

Sriniketan-Santiniketan Development Authority (SSDA) constructed (September 2000) Rabindra Bhavan Geetanjali Complex at Bolpur with the objective of contributing to the social and cultural activity of the area. The complex was leased out to a private agency[34] (licensee) for operation and maintenance. An agreement was executed between the SSDA and the licensee in May 2001. On expiry of the validity of the same, a fresh agreement was entered (January 2004) with the same agency for a period up to January 2009. Besides

[34] *M/S Priya Entertainment Private Limited, Kolkata – 700 029*

above, an open air theatre (OAT) within the complex was also leased out (April 2003) to the same agency. The agency had been utilising the complex mainly for regular cinema shows on commercial basis.

The agreement *inter alia* provided that the entire expenses on running and maintenance of the complex alongwith the machineries, fittings, furniture, electrical and audio system as well as repairs of the building were to be borne by the licensee. Moreover, the licensee was to pay all the statutory dues and outgoings apart from annual license fees for the auditorium (Rs 50000 from January 2003 and Rs 75000 from February 2004 or 50 *per cent* of the profit, whichever is higher) and OAT (Rs 25000 *per annum*).

Audit scrutiny (May 2007) of the records of SSDA showed that no license fee either for the auditorium or for the OAT was paid by the licensee till date. The quantum of minimum unrealised dues pertaining to the period from January 2003 to March 2007 on this count stood at Rs 3.75 lakh[35].

Moreover, SSDA incurred an expenditure of Rs 28.71 lakh towards maintenance[36] of the complex during 2001-2007 in violation of the terms of agreements.

Thus, SSDA extended undue benefit of Rs 28.71 lakh to a private agency by shouldering expenses of repair/maintenance works as well as statutory dues of the auditorium, which, as per the agreements, were to be borne by the licensee. Moreover, license fee of Rs 3.75 lakh payable by the agency was not recovered.

While confirming the facts, the Chief Executive Officer, SSDA stated (May 2007) that only the cost of major civil works had been borne by the SSDA; while, being the owner of the auditorium, the Authority had shouldered the holding tax and insurance charges. The reply was not acceptable, as the agreements had categorically stipulated that all expenses relating to repairs of the auditorium as well as statutory dues and charges were to be borne by the licensee.

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

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[35] *Calculated on the basis of minimum stipulated charges as mentioned in the agreements; no audited accounts of the auditorium was available to show the quantum of annual profits.*

[36] *repairing and recondition of the building, repairing of push back chairs and cushions, painting of boundary walls, maintenance of fire protection system, payment towards Annual Minimum Guaranteed Return, payment of insurance charge, holding tax, etc.*

4.4 Avoidable/Excess/Unfruitful expenditure

AGRICULTURE DEPARTMENT

4.4.1 Extra expenditure and acquisition of unsuitable land for construction of betel leaves market

Delay in payment of compensation against acquisition of 19.3275 acres of land in Tamluk, Purba Medinipur for construction of betel leaves wholesale market resulted in extra expenditure of Rs 86.70 lakh towards cost of acquisition.

With a view to constructing a wholesale betel leaves market in Tamluk, Purba Medinipur, the Agriculture Department acquired 19.3275 acres of land at Mouzas Satgachia and Chakkamina[37] in June 1985 on ad-hoc payment (June 1983) of Rs 5.42 lakh (80 *per cent* of total acquisition cost of Rs 6.78 lakh). The Department, however, without any recorded reason, neither did take any initiative to make payment of balance amount of Rs 1.36 lakh, nor took over physical possession of the acquired land.

In May 2003, the District Magistrate, Purba Medinipur proposed to take over the land from the Agriculture Department for construction of the district administrative building complex. On receipt of the proposal, Department constituted a committee[38] to study the prospects of construction of wholesale betel leaves market at the acquired site. The Committee reported (February 2004) that in view of narrow approach road to the site, the land was not suitable for wholesale betel leaves market. In June 2004, the Land and Land Reforms Department re-estimated the value of land at Rs 33.20 lakh. The Agriculture Department decided to go ahead with the scheme and handed over Rs 88.06 lakh[39] (Rs 52 lakh in March 2004 and Rs 36.06 lakh in July 2004) to the Collector, Purba Medinipur and took over physical possession of the land in January 2005. However, till date (May 2007) nothing is forthcoming from records as to the progress of work of construction of betel leaves market during last 28 months.

Thus, due to non-payment of compensation amount for acquisition of 19.3275 acres of land requisitioned for construction of wholesale betel leaves market coupled with inordinate delay in taking over possession of the land, the

[37] *JL No 278 and JL No 284 respectively; notified in Calcutta Gazette Extraordinary Notification of 28.06.85 under Section 3(1A) of Act II of 1948 vide LA case No. 19/81-82 of Collector, Medinipur*

[38] *The Committee consisted of Director of Marketing, WB, Sr. Marketing and Enforcement Officer, WB State Marketing Board, PS to MIC, Agriculture (Marketing) and Superintendent of Agriculture Marketing, Paschim Medinipur*

[39] *Including additional charge at 12 per cent per annum from the date of acquisition*

department shouldered an extra expenditure of Rs 86.70 lakh[40] towards enhanced cost of acquisition. Besides, the prospect of construction of the wholesale betel leaves market also seemed remote owing to non-suitability of the land for that purpose.

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

DEVELOPMENT AND PLANNING DEPARTMENT

4.4.2 Unfruitful Expenditure

Decision of the Department for outsourcing the work of collating and compiling of statistical data lacked justification and rendered the expenditure of Rs 36 lakh largely unfruitful.

For collating information and preparing analytical report on business, economy and socio-economic sectors of West Bengal, Bureau of Applied Economics and Statistics (the Bureau), Development and Planning Department entered (August 2002) into an agreement with the Centre for Monitoring Indian Economy Private Limited (CMIE), as the firm approached the Government for providing such service. According to the agreement, CMIE published three hundred copies of 'Annual Review of West Bengal Economy', for the years 2002-2003 to 2004-2005. The Bureau paid Rs 36 lakh to CMIE (Rs 12 lakh each in October 2003, March 2005 and March 2006) as subscription fee. The basis of fixation of the price was, however, not available on record. CMIE supplied the publications between July 2003 and February 2006.

Audit scrutiny (January 2007) of the Bureau disclosed that the Bureau collects, collates and compiles different statistical data in respect of agriculture and industry, conducts other socio-economic surveys and publishes many important reports regarding such surveys, similar to that entrusted to CMIE.

Though the Director of the Bureau claimed (January 2007) that the Bureau had been benefited substantially from the publication, the Additional Director of the Bureau had observed (August 2006) that most of the data provided in the publication were available in different publications of the Bureau, Central Statistical Organisation and Reserve Bank of India and had opined that the price charged by CMIE was too high. It also transpired from his comments that the timeliness of the publication had not been satisfactory either.

[40] *Payment made Rs 93.48 lakh (Rs 5.42 lakh plus Rs 88.06 lakh)* **minus** *original compensation cost Rs 6.78 lakh = Excess payment Rs 86.70 lakh*

It was also noticed that out of 900 copies (300 copies each for 2002-2003, 2003-2004 and 2004-2005) of the publication received, 660 copies[41] valuing Rs 26.40 lakh were lying undistributed in the stock of the Bureau as of January 2007 indicating lack of interest among prospective users of the publications. Moreover, publications pertaining to earlier years might lose their topicality with passage of time affecting their usefulness. The Director of the Bureau attributed (January 2007) such non-distribution to administrative problems.

Thus, not only the decision of outsourcing the work of collating and compiling of statistical data, mostly available in other Government publications, lacked justification, but also insufficient circulation of the same rendered the expenditure of Rs 36 lakh largely unfruitful.

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

FOREST DEPARTMENT

4.4.3 Unproductive expenditure

Purchase of a launch at Rs 75.14 lakh for speedy patrolling the riverine area of Sunderban Tiger Reserve failed to serve the purpose due to low speed, high noise level and uneconomic fuel consumption.

For the purpose of patrolling the riverine area of Sundarban Tiger Reserve (STR), the work of building of a high speed inspection launch (Twin Screw Catamaran type) was awarded (February 1998) by the Field Director (FD), STR to M/s Shalimar Works Ltd. (a State Government Undertaking) at Rs 85 lakh for delivery within 12 months from the date of first stage payment. The launch was to be with an endurance of 650 nautical miles at an average speed of 12 knots and 350 nautical miles at an average speed of 15 knots. FD, STR released first stage payment of Rs 8.50 lakh to the company in February 1998.

Scrutiny (February 2006) of records showed that the trial run of the launch held in January 2002 showed the speed of the vessel as 10.5 knots only as against 15 knots due to subsequent increase of the weight of the vessel from 32 tonnes (originally stipulated) to 45 tonnes at the instance of FD, STR and Inland Water Transport Surveyor. The noise and vibration levels were also very high compared

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Publication	*Received number and date*		*Distributed number and date*		*Balance*
	Number	*Date*	*Number*	*Date*	
2002-2003	*200*	*July 2003*	*97*	*September 2003 to November 2003 (one in May 2004)*	*203*
	100	*October 2003*			
2003-2004	*300*	*December 2004*	*88*	*December 2004*	*212*
2004-2005	*300*	*February 2006*	*55*	*February 2006 to March 2006*	*245*

to the accepted norms, because the vessel was small with twin engines and made with an aluminum superstructure. The fuel consumption of the vessel was also found to be uneconomical (80 litres of diesel per hour). The company could not rectify the deficiencies but delivered the launch to the STR authority in June 2003 with a warranty period of six months and a sum of Rs 75.14 lakh was paid to the company up to January 2005.

The launch broke down five times within a period of nine months from the date of delivery and the company rectified these defects on the request of FD, STR. The launch was utilised for only 62 days primarily for touring purposes till February 2007. The Department stated (July 2006 and February 2007) that the launch was being utilised as a floating check post due to its low speed, high noise level and uneconomical fuel consumption.

Thus, the procurement of a launch bedeviled by faulty construction stymied the purpose of effective patrolling of the riverine area, resulting in an unproductive expenditure of Rs 75.14 lakh to the Government.

The matter was reported to Government in March 2007 and followed up with two reminders (April 2007 and May 2007); reply had not been received (September 2007).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.4 Unfruitful investment

Lack of initiative on the part of the authorities of the Medical College and Hospital, Kolkata in operationalising the microwave disinfection device rendered its procurement cost of Rs 36.97 lakh unfruitful.

Superintendent, Medical College and Hospital (MCH), Kolkata, under the central scheme of financial assistance for ‘Capacity Building-Trauma Centre and Hospital Waste Management infrastructure in Government Hospitals’, purchased a microwave disinfection device (machine) at a cost of Rs 36.97 lakh for treatment of its bio-medical wastes. The machine was supplied in March 2005 and installed by the supplier in June 2005. The supplier was to impart training to the hospital personnel without any additional charge and the machine was to be operated by trained personnel only.

Scrutiny (May 2007) of records of the MCH, Kolkata disclosed that the hospital authorities could not make the machine operational as of May 2007, reasons for which were neither on record, nor stated though called for. Further no training was imparted among the hospital personnel. The machine was also installed in a room smaller than the specified dimensions as spelt out by the manufacturer for smooth functioning of the machine. The warranty of one year had expired in June 2006. No annual maintenance contract was also arranged to keep the machine operational.

Further, the department had engaged an outside specialised agency for the disposal of bio-medical wastes of various hospitals including MCH, Kolkata since July 2004 and Rs 26.94 lakh had been paid to the agency for the period from July 2005 to March 2007 against disposal of bio-medical wastes in MCH, Kolkata, which could have been avoided, had the machine been put to use.

Thus, lack of initiative on the part of the MCH authorities in utilising the microwave disinfection device resulted in unfruitful investment of Rs 36.97 lakh and avoidable expenditure of Rs 26.94 lakh towards disposal of bio-medical wastes through another agency.

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

HOME (CONSTITUTION AND ELECTION) DEPARTMENT

4.4.5 Excess expenditure on appointment of excess number of polling personnel

District Magistrates of Bardhaman, Birbhum and Paschim Medinipur engaged excess number of reserve polling personnel/polling personnel for Assembly Elections held in May 2006 resulting in excess expenditure of Rs 36.88 lakh towards payment of allowances.

For West Bengal State Legislative Assembly Elections held in May 2006, the Election Commission of India formulated (March 2006) the policy for the randomisation of polling personnel. According to the instructions, polling personnel were to be selected, trained and exchanged among different sub-divisions within a district. The policy *inter-alia* provided that over and above the number of polling personnel required to man all the polling stations in each Assembly Constituency (AC), another 20 *per cent* reserve polling personnel (under all categories) would be selected.

Audit scrutiny (March and June 2007) of the records of the District Magistrates, Bardhaman, Birbhum and Paschim Medinipur showed that in violation of the Election Commission's directives, DMs Bardhaman and Birbhum had selected 45 *per cent* and 30 *per cent* as reserve personnel respectively. Reserve polling personnel were trained and paid training allowance[42]. Engagement of reserve polling personnel in excess of prescribed norms resulted in excess expenditure of Rs 31.79 lakh (DM Bardhaman-Rs 24.05 lakh and DM Birbhum-Rs7.74 lakh) towards payment of training allowance. Moreover, DM Paschim Medinipur engaged 923 polling personnel in excess of requirement and paid them allowances at rates equivalent to that paid to normal polling personnel[43] leading to excess expenditure of Rs 5.09 lakh.

[42] *Reserve Presiding Officer and First Polling Officer are paid Rs 330 per head and reserve Second and Third Polling Officers are paid Rs 220 per head.*
[43] *Presiding Officer was paid Rs 820 per head, First Polling Officer was paid Rs 660 per head and Second Third and Fourth Polling Officer was paid Rs 580 per head.*

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

4.4.6 Avoidable expenditure due to improper allocation of office space

Lack of coordination among departments resulted in an avoidable expenditure of Rs 47.69 lakh and recurring liability of Rs 3.31 lakh per month on hiring of private premises for the office of the Chief Electoral Officer.

As per instruction of the Election Commission of India, the Office of the Chief Electoral Officer (CEO), West Bengal, for convenience of voters and political parties, was to be shifted out of the main Secretariat at the Writers' Buildings, where it occupied a space of 5968 Sq. ft. The Public Works Department (PWD) was entrusted to arrange for space of 12000 Sq. ft. in the vicinity of Writers' Buildings. As PWD failed to make any such arrangements, at the direction of the Chief Secretary (December 2005), the CEO shifted to the first and the second floor of the new Government office complex at 4, Camac Street, Kolkata as a stop gap arrangement. The said premises was, however, originally earmarked for the Directorate of Industries under the Commerce and Industries (C&I) Department.

In December 2006, the CEO executed an agreement with M/s Balmer Lawrie & Company (BLC) for hiring of an office space of 7596 Sq. ft and 4132 Sq ft space of common facilities, at its premises in N S Road, Kolkata, at a rent of Rs 3.31 lakh per month. According to the agreement, CEO paid (December 2006) an advance of Rs 19.87 lakh (equivalent to six months' rent), adjustable against monthly rents in 60 equal instalments and a security deposit of Rs 9.94 lakh to BLC. A sum of Rs 17.88 lakh was also paid as monthly rent up to 15 May 2007. However, the office of the CEO was not shifted to the rented premises till May 2007.

Audit Scrutiny (May 2007) of the records of Commerce and Industries Department showed that the Directorate of Industries occupying office space of 8071 Sq ft. in the New Secretariat Buildings (NS Buildings), a Government building at the disposal of the PWD, in the vicinity of the Writers' Buildings, was to be shifted very soon to its allotted space at the new office building at Camac Street and the space to be vacated by them in NS Buildings was not allocated to any office (as of June 2007). Moreover, the available area was big enough to accommodate the establishment of the CEO. Therefore, the expenditure/future liability involved in hiring of the private premises could have been avoided had the office space (to be vacated by the Directorate of Industries) in NS Buildings been allocated by Government to the office of CEO before execution of its agreement with BLC.

Thus, failure on the part of the Government in coordinated and judicious allocation of office space to CEO West Bengal in the State Government owned building resulted in an avoidable expenditure of Rs 47.69 lakh[44] coupled with shouldering recurring future liability of Rs 3.31 lakh per month towards payment of rent.

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

HOME (POLICE) DEPARTMENT

4.4.7 Extra expenditure on supply of electricity

State Armed Police, 4th Battalion, Raigunj supplied electricity to the staff quarters at domestic rates out of electricity procured at bulk supply rates resulting in extra expenditure of Rs 26.50 lakh.

State Armed Police (SAP), 4th Battalion, Raigunj, Uttar Dinajpur received power from West Bengal State Electricity Board (WBSEB) through single service connection (bulk supply) for its office building, barrack, training centre, etc. Electricity is also supplied to 547 staff quarters under the same battalion from the same connection. Charges for the electricity consumed by the occupants of the staff quarters are realised on the basis of the readings of the sub-meters installed by the Public Works (Electrical) Department.

Scrutiny (December 2006) of records of the Commandant, SAP showed that WBSEB raised claims for the energy supplied (which includes the quantity consumed at the staff quarters points) at rates applicable for bulk supply (Rs 2.95 to Rs 3.59 per unit). The charges for consumption of the energy by the occupants of the quarters were, however, realised by PWD at domestic rates (ranging between Rs 0.92 and Rs 2.57 per unit). During the period from January 2001 to December 2006, Rs 19.37 lakh was realised from the occupants of 275 staff quarters (272 quarters remaining vacant) towards cost of 1.43 lakh units of electricity at domestic rates; whereas, Rs 45.87 lakh was paid to WBSEB against the same quantity. This resulted in burdening of State exchequer by Rs 26.50 lakh towards rate differential. The authority did not take up the matter with WBSEB to have separate meters installed at consumption points for direct billing.

Such arrangement of supply of electricity to the staff quarters at domestic (cheaper) rates out of the electricity procured at bulk supply (higher) rates, instead of arranging for direct billing by WBSEB, resulted in extra expenditure of Rs 26.50 lakh for the period from January 2001 to December 2006 from the State exchequer.

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

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[44] *Rs 19.87 lakh* plus *Rs 9.94 lakh* plus *Rs 17.88 lakh*

JAILS DEPARTMENT

4.4.8 Unfruitful expenditure on construction of new cottages in a correctional home

Construction of ten new cottages in Lalgola Open Air Correctional Home without proper assessment of demand for cottages resulted in unfruitful expenditure of Rs 26.71 lakh.

As a part of "Upgradation of Prison Administration" out of grants under recommendations of the Eleventh Finance Commission (EFC), Jails Department took up (April 2004) construction of ten cottages in Lalgola Open Air Correctional Home for accommodating interested inmates along with their families. The cottages were constructed at a cost of Rs 26.71 lakh and handed over to the correctional home authority by Berhampore Division II, Public Works Department in September 2005.

Audit scrutiny (March 2006 and May 2007) of records of the correctional home showed that the correctional home already had ten existing cottages (handed over in February 2001) for the same purpose, of which five cottages had been lying vacant at the time of taking up of the construction work. As of April 2007 only nine cottages were occupied by interested inmates leaving eleven cottages vacant.

The Superintendent attributed (May 2007) such lack of interest on the part of the inmates to the fact that as per rule, inmates residing in cottages were not provided with diet and wages. As such, they were not ready to accept accommodation in those cottages unless their means of subsistence could be ensured by their own efforts.

Thus, construction of new cottages ignoring non-occupancy of existing cottages and without proper assessment of demand for cottages among the inmates resulted in unfruitful expenditure of Rs 26.71 lakh.

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

4.4.9 Avoidable expenditure owing to delay in release of foreign prisoners

Delay in processing of the cases of deportation of foreign prisoners even after completion of their terms of imprisonment resulted in their overstayal in correctional homes leading to avoidable expenditure of Rs 1.11 crore towards their diet and other charges.

Prisoners of foreign countries (mainly of Bangladesh) are to be deported to their own country on completion of their respective terms of imprisonment under the orders of Additional Deputy Inspector General, Frontier, South Bengal, Border Security Force, Kolkata (ADIG). To facilitate this process, the prospective dates of release of such prisoners are to be intimated by the correctional homes authorities to ADIG through the Superintendent of Police, District Intelligence Bureau (SP, DIB) of the concerned districts.

Records of the Superintendents of five Central Correctional Homes/ Correctional Homes (CH) at Dum Dum, Alipore, Bongaon, Balurghat and Jalpaiguri showed (February 2007 to June 2007) that during the period from March 2003 to March 2007, 20 to 1250 prisoners overstayed for various periods which ranged between 8348 and 377851 in terms of prisoner-days. Consequently, the Government had to bear an avoidable expenditure of Rs 1.11 crore towards their diet and other charges as shown below:

Name of Correctional Homes/ Central Correctional Homes	Period	Average number of foreign prisoners overstayed	Total overstayal in terms of prisoner days	Expenditure incurred on their maintenance (Rupees in lakh)
Dum Dum CCH	April 2005 to January 2007	845	65425	11.76
Balurghat District CH	April 2003 to March 2007	1250	71690	22.01
Alipore CCH	April 2005 to March 2007	NA	11871	2.42
Bongaon Sub. CH	March 2003 to March 2007	102 to 355	377851	71.47
Jalpaiguri CCH	April 2003 to March 2007	20 to 32	8348	3.09
				110.75

Thus, owing to delays in release of foreign prisoners even after expiry of their terms of imprisonment, Government had to bear an avoidable expenditure of Rs 1.11 crore during the period from March 2003 to March 2007 towards their diet and other charges.

The department in reply stated (August 2007) that the overstayal of the foreign prisoners was due to procedural delays in the existing system which was beyond its control. The reply is not tenable as it is the responsibility of the department to take up the matter with other functionaries involved in the system to streamline the procedure so that the delay in processing such cases is minimised and resultant additional burden on the Government exchequer is avoided.

LABOUR DEPARTMENT

4.4.10 Extra expenditure on procurement of medicine

Procurement of medicines by the Central Medical Store, Employees State Insurance Corporation (ESIC) at higher rates compared to rates approved by the centralised rate contract issued by the ESIC, New Delhi, resulted in excess expenditure of Rs 30.63 lakh.

For procurement of drugs and dressings under the Employees State Insurance Scheme in the country the Director General, Employees State Insurance

Corporation (ESIC), New Delhi enters into centralised rate contract (CRC) with different firms and circulates the approved list of medicines, their prices and names of selected suppliers among the Directors of ESI Scheme of all States. The contract is revised from time to time. Adherence to these rates was essential for all State ESI schemes to maintain quality and uniformity of medicines.

The Directorate of ESI, Labour Department of the State, however, ignoring the CRC, brings out separate schedules of medicines alongwith their rates and suppliers selected through tender from time to time. The Director, ESI, West Bengal, approved one such State schedule of rates for procurement of medicines by the Central Medical Stores (CMS) for the period from January 2004 to March 2006 and the Deputy Director (E&S), CMS, Kolkata procured medicines according to that schedule.

Scrutiny of records (January 2007) of CMS, ESI showed that though the rates of drugs (common in both the lists) were lower as per the CRCs compared to CMS rates prevailing at that time, yet, the CMS, adhered to the state schedule and placed orders at higher rates. During the period from June 2004 to June 2006 an excess expenditure of Rs 30.63 lakh was thus incurred by Deputy Director, CMS for procurement of nine drug items by adhering to CMS rate schedule.

On this being pointed out, the Deputy Director, in reply, stated (January 2007) that the purchase of drugs in CMS rate was mandatory as per the agreement executed with the supplier. The reply was not tenable as there was no such clause in the agreement. Moreover, the CRC rates had come into force before placement of orders to the contractors. The Deputy Director, however, intimated that the CMS has started to follow the CRC rates since April 2006. Further scrutiny disclosed that the Deputy Director still continued to procure medicines as per CMS rate schedule even after April 2006.

Thus, procurement of medicines at rates higher than the then prevailing approved CRC rates of ESIC resulted in an extra avoidable expenditure of Rs 30.63 lakh.

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

SCHOOL EDUCATION DEPARTMENT (PRIMARY BRANCH)

4.4.11 Avoidable payment of excise duty

Non-placement of the order directly to the supplier by Education Department resulted in avoidable payment of excise duty of Rs 1.83 crore on purchase of papers for printing of text books.

The School Education Department (Primary Branch) supplies text books free of cost to the children of Class I to V of Government/ Government aided/ Government sponsored schools. For this purpose, the work of printing of books on lump sum basis including procurement of paper, printing and distribution of books to the district godowns, was entrusted to Saraswaty Press Limited (SPL), a State Government Company. The papers required for printing of books were supplied by Hindustan Paper Corporation Limited (HPCL), a Government of India Undertaking.

Paper purchased for nationalised text (NT) books[45] was exempted from excise duty if the order was placed on the supplier by the Department. For availing this exemption, the Department was also required to furnish a certificate that the entire quantity of excise-exempted papers was to be used for printing of NT Books only. Accordingly, for printing of books for the academic years 2004-2005, 2005-2006 and 2007-2008 the orders were placed on HPCL by the Department and exemption of excise duty was availed. For the academic year 2006-2007, the Department, however, specifically instructed (August 2005) SPL in the printing order that the paper required for printing of text books should be purchased from HPCL by SPL directly. Accordingly, SPL placed order on HPCL directly in November 2005 for supply of 4785 tonnes of paper, thereby failing to fulfil the condition of excise duty exemption.

HPCL supplied (December 2005 to March 2006) 4188 tonnes of paper worth Rs 13.02 crore including excise duty of Rs 1.83 crore[46]. The payment was made to HPCL between December 2005 and April 2006.

Thus, placement of purchase order for papers required for printing of NT books for the academic year 2006-2007 directly by SPL resulted in an extra expenditure of Rs 1.83 crore.

The Department, while admitting the audit findings, attributed (September 2007) the same to its ignorance about the extant rule position on central excise exemption.

TRANSPORT DEPARTMENT

4.4.12 Avoidable expenditure

Hoogly River Bridge Commissioners did not pay the tax demanded by Income Tax Department within the specified time limit resulting in avoidable expenditure of Rs 1.12 crore towards interest payment.

Transport Department (Department) entered (April 1997) into an agreement with a foreign (Japan) engineering company to provide technical consultancy services for Calcutta Transport Infrastructure Development Project (CTIDP). The Hooghly River Bridge Commissioners (HRBC) was authorised by the Department to execute the provisions under the agreement.

As per agreement, the consultant company and its personnel were exempted from the payment of corporate and personal income tax on income arising out of

[45] *notification no 3/2005 CE dated 24-02-2005*
[46] *Excise Duty at the rate of 16 per cent plus cess at the rate of 2 per cent on excise duty*

consultancy services. The tax liabilities of the company and its personnel were, however, to be borne by HRBC as per provisions under the agreement. HRBC paid Income Tax of Rs 6.46 crore on behalf of the company for the Assessment Years (AY) 1998-1999 to 2003-2004.

The assessee company continued to receive income net of tax and the amount of consultancy fees received by the assessee did not qualify for any deduction towards any expenses as per statutory provisions of the Income Tax Act 1961. The Income Tax Department (ITD) detected the same only in March 2004 and served demand notices (March 2004, March 2005 & March 2006) on HRBC for payment of the balance tax of Rs 14.30 crore within thirty days from the date of serving of the notices.

HRBC preferred (April 2004, April 2005 and April 2006) appeals before the Commissioner of Income Tax (Appeals)-XL (CIT), Kolkata against the demand, who dismissed (September 2004, September 2005 and December 2006) all the appeals and upheld the assessment.

As per statutory provision of IT Act (Section-220), the demand notice served by ITD specifying the sum payable should be paid within thirty days of the service of the notice, failing which interest at the rate of one *per cent* for every month or part of a month would be charged for the period of delay.

Audit scrutiny showed that despite receiving demand notices in time, HRBC placed the requisition of funds to the Department only in May 2006 to pay the balance tax of Rs 14.30 crore. Department placed funds of Rs 14.17 crore at the disposal of HRBC in June 2006. ITD, however, recovered Rs 15.67 crore including interest (up to July 2006) of Rs 1.12 crore from the bank account of HRBC.

Thus, failure of the HRBC to pay the tax demanded by ITD within the prescribed time limit by requisitioning funds from the department resulted in avoidable expenditure of Rs 1.12 crore.

HRBC stated that the payment of dues before the outcome of appeal would not have been a wise decision. The reply was not acceptable as the right to appeal was conditional on payment of tax to the Government as per provision of the Act. Furthermore, if the outcome of the appeals by the HRBC had been decided in its favour, the excess payment of tax due to over assessment would have been refunded by ITD with interest as per statutory provision of IT Act 1961.

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

4.5 Idle Investment/Idle Establishment/Blockage of Funds

HOME (POLICE) DEPARTMENT

4.5.1 Parking of funds leading to avoidable interest burden on Government

Parking of Rs 15.46 crore in current account of West Bengal State Police Housing Corporation, led to avoidable burden of Rs 2.42 crore on the State exchequer towards interest payment on borrowings.

West Bengal State Police Housing Corporation Limited (Corporation), a State Government company, was incorporated (March 1993) with the objective of formulating, planning and executing housing schemes for police personnel as well as constructing and maintaining administrative/police station buildings, police training centres, barracks and ancillary works.

Scrutiny (March 2007) of records of the Additional Director General of Police and Managing Director, West Bengal Police Housing Corporation showed that Government had neither created any infrastructure facility nor deployed any technical staff[47] at the disposal of Corporation to enable it to carry out its activities. Department, however, released Rs 15.46 crore (between November 2004 and August 2006) to the Corporation for execution of different projects[48]. The Corporation failed to execute any project owing to lack of infrastructure and absence of technical staff but retained the funds in its current bank account.

As the fund of Rs 15.46 crore was lying idle with the Corporation in a current bank account, Government sustained a loss of Rs 2.42 crore[49] as interest during the period from December 2004 to March 2007 calculated on the borrowing rate. The Corporation, however, at the instance of Government, subsequently transferred (September 2006 to January 2007) Rs 12.53 crore to Public Works Department for execution of the works; while the balance amount (Rs 3.03 crore including its own fund of Rs 10 lakh deposited in December 2004) was lying idle in the current account as of March 2007.

Thus, unjustified release of funds by the Department to the Corporation resulted in parking of Rs 15.46 crore in the current account of the Corporation. Had it not been released from the State exchequer, it would have saved the Government Rs 2.42 crore towards interest payment on its borrowings.

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[47] *Only one Inspector and four Constables were posted to assist the Managing Director*

[48] *(1)-Modernisation of state police forces-Rs 8 crore; (2)-11th Finance Commission grants-Rs 2.40 crore; (3)-West Bengal Women Police Funds-Rs 0.42 crore (4-)Coastal police Station –Rs 1.19 crore (5)POLNET project-Rs 2 crore (6)-Tollygunge Police Station-Rs 1.45crore*

[49] *Government borrowed at a rate of interest ranging between 12 per cent and 14 per cent during the period from 2004-2005 to 2006-2007.*

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

SCHOOL EDUCATION DEPARTMENT

4.5.2 Encroachment of Government land owing to prolonged inaction

Prolonged inaction and lack of initiative on the part of the District Inspector of Schools (Primary Education), Howrah and Directorate of School Education resulted in encroachment of a Government acquired land valuing Rs 4.50 crore.

State Government acquired 12107.43 square meters of land in mouja Balitikuri in Jagacha, Howrah for construction of Salkia Government Sponsored Primary Teachers Training Institute (Institute), Salkia, Howrah and handed over the same to District Inspector of Schools, Primary Education, (DIPE) Howrah in March 1984.

Audit scrutiny (February 2007) of the records of DIPE, Howrah showed that since taking over of the land in 1984, the department did neither take any action for mutation of the land in favour of the Government/DIPE, nor did it sanction funds for construction of the institution. The said land valuing Rs 4.50 crore[50] has been encroached by a club, which has even constructed a building on it. The Institute authority, citing its poor infrastructure, repeatedly requested DIPE and Directorate of School Education for allotment of fund for construction of the buildings, mutation of the land or for regaining physical possession of the encroached land, which, however, yielded no result. No initiative for construction of the building was forthcoming even after 22 years from taking over of the land and the land remained under encroachment. The DIPE ultimately took up the matter with the Sub Divisional Land and Land Reforms Officer, Howrah in May 2007.

Thus, prolonged inaction and lack of initiative on the part of the Directorate of School Education / DIPE resulted in encroachment of the Government acquired land valuing Rs 4.50 crore.

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

[50] *As per information furnished by the Additional District Sub-Registrar, Domjur, Howrah*

4.6 Regularity issues and other points

SPORTS AND YOUTH SERVICES DEPARTMENT

4.6.1 Unauthorised appropriation of Government revenue and irregular exemption of rental charges

Chief Executive Officer, Yuba Bharati Krirangan unauthorisedly incurred expenditure of Rs 37.91 lakh from departmental receipts and irregularly exempted rental charges of Rs 3.32 crore recoverable from the private parties.

I) West Bengal Treasury Rules provide that all monies received as revenue of the State shall, without undue delay, be deposited in the Government account and such receipts shall not be appropriated for departmental expenditure. Mention was made in the Report of the Comptroller and Auditor General of India for the year ended on 31 March 2004 regarding the gross violation of the said rule by the Chief Executive Officer (CEO), Yuba Bharati Krirangan (YBK), a sports complex fully owned and controlled by the State Government. The complex is let out to private parties/organisations for use of the stadium to organise their programmes on payment of prescribed rental charges.

During scrutiny (January 2007) of the records of CEO, YBK it was observed that the authorities continued the practice of retention of Government revenue in the bank account of the West Bengal State Council of Sports (Council) and incurred unauthorised expenditure from the same. Against the departmental receipt of Rs 63.93 lakh collected during the period from October 2004 to December 2006, Rs 37.91 lakh[51] were expended and Rs 26.02 lakh were lying in the bank account of the Council which was highly irregular.

II) Mention was made in the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2004 (Paragraph 4.1.6) and 31 March 2006 (Paragraph 4.2.6) regarding arbitrary exemption of rental charges granted by the Sports and Youth Services Department in respect of YBK to private parties/organisations. Despite this, it was observed that during October 2004 to December 2006, in 18 cases, rental charges of Rs 3.32 crore, for use of the stadium by private parties/organisations for commercial purposes, were exempted vide ***Appendix 4.1***.

Thus, the CEO, YBK did not remit departmental receipts of Rs 63.93 lakh into Government account and unauthorisedly appropriated Rs 37.91 lakh for departmental charges in gross violation of the Treasury Rules. Besides, arbitrary and irregular exemption of rental charges of Rs 3.32 crore was granted in favour of private parties/organisations.

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[51] *wages- Rs 12.95 lakh; grants in aid to different sports organisations –Rs 12.67 lakh; advances to staff/ parties- Rs 6.04 lakh; hiring charges of vehicles-Rs 6.25 lakh*

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

LABOUR DEPARTMENT

4.6.2 Inadmissible payment

In violation of project guidelines, the Additional Labour Commissioner and DM, Paschim Medinipur made inadmissible payment of stipends of Rs 64.35 lakh to ineligible children, unsuccessful in getting mainstreamed.

As a component of the National Child Labour Project (NCLP) children employed in hazardous employment should be withdrawn and rehabilitated. For this purpose, special schools were set up through Non-Governmental Organisations (NGOs), in which such children were imparted formal/informal education for a maximum period of three years after which they were to be mainstreamed into formal education system.

As per the policy of NCLP, as revised in the year 2003, a monthly stipend of Rs 100 was to be deposited into the bank account of each child. The accumulated amount, however, was to be handed over to the child only on completion of the course subject to his successful mainstreaming.

During 2003-2004, 2000 children were admitted in special schools in Kolkata and the Additional Labour Commissioner (ALC) and Vice Chairman, Kolkata Child Labour Rehabilitation cum Welfare Society (Society) handed over Rs 73.40 lakh to the NGOs as stipends for crediting the same into the bank accounts of the children. No mechanism was, however, evolved by the Society to withhold the amounts in respect of unsuccessful children.

Scrutiny (April 2007) of records of the Society showed that out of the children admitted in 2003-2004 only 1297 children could be mainstreamed as of March 2007. The Society, however, could not recover the stipend amount (Rs 25.31 lakh) relating to the 703 unsuccessful, hence ineligible, children. The ALC attributed such inadmissible payment to non-formulation of mechanism for withholding of stipend in case of unsuccessful children.

Similarly, District Magistrate, Paschim Medinipur, during the period from 2003-2004 to 2006-2007, paid Rs 81.95 lakh to the students under NCLP, whereas scrutiny (June 2007) of records of NCLP, Paschim Medinipur showed that only 1192 students were mainstreamed, for which only Rs 42.91 lakh[52] was admissible as payment of stipends. DM Paschim Medinipur, thus, incurred an excess expenditure of Rs 39.04 lakh towards payment of stipends to ineligible NCLP students.

[52] *1192x36 months* x *Rs 100= Rs 42,91,200*

Thus, non-formulation of mechanism of withholding payment of stipends to children, unsuccessful in being mainstreamed, led to inadmissible and excess payment of Rs 64.35 lakh (Rs 25.31 lakh *plus* Rs 39.04 lakh) in violation of NCLP norms.

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

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.6.3 Inadmissible expenditure under National Old Age Pension Scheme

Non-adherence to the stipulated rules and lack of monitoring at Gram Panchayat, Block as well as Sub-Division level resulted in inadmissible payment of old age pension of Rs 34.38 lakh to 815 ineligible beneficiaries during April 2002 to January 2007 in three districts.

Under National Social Assistance Programme (NSAP)[53], Panchayat and Rural Development Department implemented (1995) the National Old Age Pension Scheme (NOAPS). Pension at the rate of Rs 100 per head per month (enhanced to Rs 400 per month from August 2006) was admissible to persons of 65 years or above, having an annual income of Rs 4000 or less. Gram Panchayats or Municipalities or Block Development Officers (BDO) were to recommend the eligibility of the applicants to the respective Sub-Divisional Officers (SDO). The SDOs were also empowered to conduct independent enquiry over eligibility of recommended candidates before final enlistment.

During scrutiny (between December 2006 and March 2007) of the records of District Magistrates of Bardhaman, Birbhum and Nadia, it was, however, observed that during April 2002 to January 2007, 815 beneficiaries of 47 Gram Panchayats of these three districts[54] received old age pension of Rs 34.38 lakh though they were below the stipulated age of 65 years.

District authorities of Bardhaman and Birbhum have admitted the observation of Audit; reply from DM, Nadia is, however, awaited.

Thus, non-adherence to the stipulated rules and lack of monitoring at Gram Panchayat, Block as well as Sub-Division level resulted in inadmissible payment of old age pension of Rs 34.38 lakh to 815 ineligible beneficiaries.

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[53] *100 per cent centrally assisted programme*

[54]

District	*Number of GPs*	*Number of beneficiaries*	*Amounts involved*
Bardhaman	*32*	*402*	*Rs 19.54 lakh*
Birbhum	*4*	*178*	*Rs 5.52 lakh*
Nadia	*11*	*235*	*Rs 9.32 lakh*

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

URBAN DEVELOPMENT DEPARTMENT

4.6.4 Diversion of scheme funds

Sriniketan Santiniketan Development Authority unauthorisedly diverted Rs 70.35 lakh of Basic Minimum Services scheme funds for purposes not connected to the scheme.

Sriniketan Shantiniketan Development Authority (SSDA) received Rs 1.21 crore during 2002-2003 to 2005-2006 from Urban Development Department for making provision for *cent per cent* coverage of safe drinking water in the rural and urban areas and for increasing connectivity to all unconnected villages and habitations in rural and urban fringe areas under the Basic Minimum Services Scheme.

Scrutiny of the records of SSDA showed (May 2007) that Rs 70.35 lakh[55] of BMS funds were diverted during March 2003 to March 2006 for various purposes (construction of Bolepur Bye-pass Road, construction of cement concrete road at Udayanpalli under Bolepur Municipality, purchase of sal leaf plate/ bowl moulding machine etc.) not connected to the objectives for which the funds had been allotted to SSDA.

The expenditures were met from BMS funds as per decision taken in its board's meetings; no approval of the Government was obtained by SSDA while incurring the expenditure.

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

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Sl. No	*Purpose for which the BMS fund was diverted*	*Amount Diverted*
1	*Payment of contractor's bill for construction of Bolepur Bye-pass Road which was constructed to solve the traffic congestion of entire Bolepur and surrounding area.*	*Rs 64.72 lakh*
2	*Purchase of premier sal leaf plate/ Bowl Moulding Machine*	*Rs0.34 lakh*
3	*Electricity charges from 10/99 to11/03 for water supply at Dwarkanath*	*RS 1.66 lakh*
4	*Construction of cement concrete road at Udayanpalli under Bolepur Municipality*	*Rs 3.30 lakh*
5	*Hiring charges of vehicles and stationary items*	*Rs 0.33 lakh*

GENERAL

4.6.5 Cash management in Government departments

Non-adherence to the provisions of Treasury and Financial Rules by 14 DDOs in seven districts including Kolkata resulted in shortage of cash of Rs 2.39 crore

As per West Bengal Treasury Rules (WBTR), no money is to be drawn from the treasury unless it is required for immediate disbursement. All financial transactions are to be recorded in the Cash book as soon as they occur under proper attestation by the Drawing and Disbursing Officer (DDOs).The cash book is required to be closed every day, while the head of the office is required to physically verify the cash balance at the end of each month and record a certificate to that effect. Bill-wise and date-wise analysis in respect of closing balance is also to be recorded.

Scrutiny (October 2005 to March 2007) of the records pertaining to 14 DDOs under seven[56] departments in seven districts[57] including Kolkata disclosed serious financial irregularities due to non-compliance of the above provisions. In course of physical verification of cash conducted by 14 DDOs at the instance of audit during October 2005 to March 2007, against the closing balance of Rs 8.67 crore as per cash book, only Rs 6.28 crore was physically found, indicating a shortage of Rs 2.39 crore (***Appendix 4.2)***. Of the same, physical shortage of cash and theft constituted Rs 0.24 lakh; while Rs 2.28 crore was shown as advance from undisbursed cash to different staff. Besides above, unadjusted vouchers accounted for Rs 2.44 lakh. Lapsed cheques or demand drafts worth Rs 8.18 lakh were shown as part of the cash balances. As these amounts remained outside the cash books, such practice amounted to temporary misappropriation.

Thus, non-adherence to the provisions of Treasury and Financial Rules and inadequate control over drawal and disbursement of cash by the DDOs led to serious financial irregularities including suspected misappropriation of cash.

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

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[56] *Agriculture, Finance, Fire Services, Health and Family Welfare, Personnel and Administrative Reforms, Labour and Land & Land Reforms Departments.*

[57] *Hooghly, Howrah, Murshidabad, Nadia, North 24 Parganas, South 24 Parganas and Kolkata*

4.6.6 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs).

When important irregularities and other points detected during inspection are not settled on the spot, these find place in IRs which are issued to the heads of offices inspected with copies to the next higher authorities. Government of West Bengal, Finance Department Memo No 5703(72)/FB dated 29 August 1972 provides for prompt response by the executive to the IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during inspection.

The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report compliance to the PAG. Serious irregularities are also brought to the notice of the Government by the office of the PAG. A six monthly report showing the pendency of IRs is sent to the Principal Secretary/Secretary of the department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2006 relating to 516 offices of Agriculture, Disaster Management, Development and Planning, School Education, Finance (Accounts), Public Works, Housing Departments and 10 commercial undertakings[58] disclosed that 2938 paragraphs relating to 1107 IRs remained outstanding at the end of June 2007. Of these, 276 IRs containing 507 paragraphs had been lying unsettled for more than 10 years.

Year-wise positions of the outstanding IRs and Paragraphs are detailed in ***Appendix 4.3***. Even the initial replies, which were required to be received from the respective heads of offices within six weeks from the date of issue, were not received upto June 2007 in respect of 176 IRs.

Those unsettled IRs contained 317 paragraphs involving serious irregularities like, theft/defalcation/misappropriation of Government money, loss of revenue and shortage/losses not recovered/written off. Age-wise analysis of those outstanding paragraphs of serious nature showed the following position:

(Rupees in lakh)

Nature of paragraphs	Periods of their pendency					
	0-5 years		5-10 years		More than 10 years	
	Para	Amount	Para	Amount	Para	Amount
Theft/defalcation/misappropriation of Government money	22	851.96	15	15.59	38	87.71
Loss of revenue	35	2793.27	16	850.05	1	33.45
Shortage/losses not recovered/written off	58	889.19	74	293.77	58	241.03

[58] *Under Food Processing Industries & Horticulture, Micro and Small Scale Enterprises and Textiles, Animal Resources Development, Housing and Food & Supplies Departments.*

Department-wise and year-wise break-ups of these cases are furnished in ***Appendices 4.4(A), (B) and (C)*.**

Audit committees, comprising of the Principal Secretary/Secretary of the administrative department and representatives of the Finance Department and the PAG were formed in 51 out of 57 departments of Government for expeditious settlement of the outstanding Inspection Reports. Of the 51 departments where audit committees were formed, meetings were held only by 15 departments on 18 occasions from July 2006 to June 2007. As a result of the meetings of these committees, it was possible to settle 298 paragraphs and 88 Inspection Reports. No meetings were held by the other 36 departments. The matter was taken up with the Government for formation of audit committees in the remaining departments.

No information on follow-up action, if any, taken by the Finance Department to settle the paras/ IRs was available. This showed lack of initiative by Government to ensure accountability.

It is recommended that Government should ensure that a procedure is in place for (i) action against the officials failing to send replies to IRs/paras as per the prescribed time schedule, (ii) action to recover loss/outstanding advances/ overpayments in a time-bound manner and (iii) holding at least one meeting of each audit committee in every quarter.

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

4.6.7 Follow up action on earlier Audit Reports

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of West Bengal upto 2005-2006 revealed that Action Taken Notes on 266 paragraphs (selected: 44 from 1997-1998 to 2005-2006 and not selected: 222 from 1981-1982 to 2005-2006) involving 42 departments remained outstanding as of August 2007. Details are given in ***Appendix 4.5***.

The administrative departments were required to take suitable action on the recommendations made in the Reports of the Public Accounts Committee (PAC) presented to the State Legislature. Following the circulation of the Reports of the PAC, heads of departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat within six months.

It was observed that the Action Taken Notes on 28 Reports of the PAC, presented to the Legislature between May 1991 and March 2006 had not been submitted by

18 departments[59] to the Assembly Secretariat as of August 2007. Out of these seven[60] Reports of the PAC suggested recovery, disciplinary action, etc. Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

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

[59] *Agriculture, Commerce and Industries, Development and Planning, Finance, Fisheries, Hill Affairs, Health and Family Welfare, Home, Housing, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), Refugee, Relief and Rehabilitation, School Education, Women and Child Welfare and Social Welfare and Urban Development.*

[60] *20th PAC Report 1990-1991, 22nd PAC Report 1998-1999, 36th PAC Report 1999-2000, 3rd PAC Report 2001-2002, 29th PAC Report 2004-2005, 34th PAC Report 2004-2005, and 48th PAC Report 2005-2006*