CHAPTER 5

AUDIT OF TRANSACTIONS

CHAPTER-5

AUDIT OF TRANSACTIONS

5.1 Audit of non-compliance with rules and regulations

SOUTH 24 PARGANAS ZILLA PARISHAD

5.1.1 Loss of ₹ 1.24 crore due to non realisation of establishment charges

Despite having provision in the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003 for executing works on behalf of other departments, the ZP did not realise any establishment charge from the Health & Family Welfare and Minority Affairs & Madrasah Education departments and suffered a loss of ₹ 1.24 crore

Rule 109 of West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003, empowers the ZP to charge maximum 15 *per cent* on the amount of expenditure actually incurred for the purpose of covering the cost of establishment charge for any work which the ZP undertakes to execute on behalf of any department of the State Government as deposit work.

(a) The Department of Health and Family Welfare (H&FW), Government of West Bengal accorded administrative approval and expenditure sanction of ₹ 11.56 crore (June 2009) for upgradation of 17 Primary Health Centres (PHC) in the District of South 24 Parganas. While conveying the approval to the Director of Health Services, the Department specified that the works were to be executed by the ZP, South 24 Parganas on behalf of the Department as per plan and estimate approved by the Executive Engineer, Health Systems Development Initiatives (HSDI). The funds were placed with the District Health and Family Welfare Samiti, South 24 Parganas and the Joint Director, HSDI was designated as Drawing and Disbursing Officer for the purpose.

Audit revealed that the ZP received ₹ 6.88 crore for the said upgradation work. The works started during August 2009 and ₹ 5.65 crore was expended till August 2010. Though the ZP executed the works on behalf of the health department, the ZP did not consider the works as deposit work and not charged any amount on actual expenditure of ₹ 5.65 crore for executing the works on behalf of the department. This resulted in loss of ZP fund of ₹ 0.85 crore as of August 2010.

The ZP stated (September 2010) that establishment charge would not be applicable as the upgradation of PHC was a devolved work of ZP.

The reply was not acceptable as the H&FW Department neither placed the fund with the ZP nor issued any instruction regarding devolution of funds with reference to functions devolved to the PRIs.

(b) Similarly, the ZP undertook construction of a road from 'Dakshin Kashipore to Talberia' of ₹ 3.52 crore under Rural Infrastructure Development Fund (RIDF)-XIV of the Minority Affairs & Madrasah Education Department (MA&ME). The ZP received fund from the MA&ME Department and executed works valuing ₹ 2.57 crore upto April 2010. While undertaking works on behalf of MA&ME Department, the ZP did not consider establishment charge of ₹ 0.39 crore.

The ZP stated (September 2010) that estimate of the road work under RIDF without taking into account any establishment charges to the MA&ME Department as NABARD did not consider such charges.

The reply is not tenable as the establishment charge was to be claimed from the MA&ME Department and not to be claimed from the NABARD.

Thus, the ZP suffered a loss of fund of ₹ 1.24 crore due to non-adherence to the prescribed rules.

SOUTH 24 PARGANAS ZILLA PARISHAD

5.1.2 Excess expenditure of ₹ 39.18 lakh

South 24 Parganas ZP incurred excess expenditure of ₹ 39.18 lakh during execution of an extra layer of sub-base course of 100mm

The Indian Road Congress (IRC) for rural roads stipulates that the thickness of pavement is designed on the basis of projected number of commercial vehicles for the design life using the current commercial vehicles per day and its growth rate. If the number of commercial vehicles per day (CVPD) ranges between 0-15, 150 mm base layer should be provided on 200 mm sub-base layer consisting of locally available relatively low strength inexpensive material.

South 24 Parganas ZP prepared project proposal (December 2006) for upgradation of three rural roads viz. 'Akna Substation to Kalinagar', 'Bhojerhat to Chakberia Road' and 'Betberia station to Dariabazar' under RIDF-XII. Projected numbers of CVPD for the three roads were zero, nine and 12 respectively with the annual growth rate 7.5 *per cent*. In the Detailed Project Report (DPR), the ZP

considered the required structural thickness of sub-base course as 200 mm, as warranted in the IRC; however it had proposed 300 mm thickness of sub-base course without any justification. Accordingly, the ZP executed the works (between March 2008 and December 2009) by allowing proposed 300 mm sub-base layer in lieu of warranted 200 mm thickness and incurred an excess expenditure of ₹ 39.18 lakh[25].

The ZP stated (September 2010) that thickness of sub-base layer of 300 mm was executed on the suggestion of the NABARD consultant. The reply was not tenable as the ZP itself calculated 200 mm of sub-base layer in the DPR after considering the design life of the roads but proposed 300 mm thickness for execution without any justification in record.

Thus, the ZP, by disregarding the IRC manual, incurred an excess expenditure of ₹ 39.18 lakh on three rural roads having lower traffic intensity.

BANKURA AND SOUTH 24 PARGANAS ZILLA PARISHADS

5.1.3 Avoidable extra expenditure of ₹ 29.77 lakh on transportation of stone metal

Bankura ZP made avoidable extra expenditure of ₹ 21.96 lakh due to consideration of excess carriage of stone metal from quarry to worksite. South 24 Parganas ZP made avoidable extra expenditure of ₹ 7.81 lakh on carriage of stone metal to the work site due to non consideration of shortest distance

Schedule of Rates (SOR) issued by the Public Works Department, Government of West Bengal envisages that shortest distance from nearest quarry to work site should be taken into consideration.

Bankura ZP executed (October 2007 and July 2008) improvement of road work from 'Khoshbagh to Bazitpur via Santashram' (0-5.8 km) at a total cost of ₹ 1.36 crore from Untied Fund. The ZP considered distance from Saltora to

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Name of the road upgraded	Sub-base course		Excess quantity executed (m^2)	Rate/m^2	Excess expenditure (₹ in lakh)
	Are of actual execution (m^2)	Area of execution as per arranted sub-base layer of 200 mm (m^2)			
Bhojerhat to Chakberia	69,905.93	42897.24	27008.69	62.62	16.91
Akna substation to Kalinagar	66317.95	44764.60	21553.35	62.62	13.50
Betaberia station to Dariabazar	37062.51	23064.41	13998.10	62.62	8.77
Total	**1,73,286.39**	**1,10,726.25**	**62,560.14**	**62.62**	**39.18**

the worksite for supplying, spreading and consolidation of stone metal (Saltora quarry) as 140 km in lieu of actual distance of 98 km. As a result, the ZP incurred an avoidable expenditure of ₹ 21.96 lakh[26].

Bankura ZP stated (June 2010) that actual distance from Saltora to worksite was 140 km (Saltora to Sonamukhi: 65 km and Sonamukhi to the worksite: 75 km). But the reply was not tenable as the ZP itself considered distance of Sonamukhi to worksite as 33 km in course of preparation of rate analysis of the same road executed during 2005-07 under Twelfth Finance Commission grant. Therefore, total distance from Saltora to worksite stood at 98 km.

Similarly, South 24 Parganas ZP undertook first phase of up-gradation of road from Akna sub station to Kalinagar (0-5.5km) between March 2008 and December 2009 and second phase (5.5-10 km) between April 2008 and May 2009 at a cost of ₹ 3.85 crore. In the rate analysis for the second phase, the ZP considered the distance between Sealdah railway yard to the worksite was 25 km while the same was considered as 40 km for the first phase. Sealdah railway yard was identified for carriage of stone metals for both the phases. Scrutiny of records revealed that the road constructed in the second phase was motorable and was also shortest from the railway yard. But the ZP considered different entrances for the same road for first phase which was 40 km from the railway yard i.e. 15 km extra distance had been considered for the first phase.

Thus, the ZP allowed excess carriage of 15 km in respect of first phase road work and incurred an avoidable expenditure of ₹ 7.81 lakh[27].

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Item	Quantity executed (in m^2)	Extra rate paid due to allowance of extra carriage (in ₹ /m^2)	Extra expenditure (in ₹)	Extra expenditure incurred (after tender rebate) (in ₹)
WBM Grade-2	34870.97	39.43	1374962.35	1333653.15
WBM Grade-3	17750.32	38.93	691019.96	670256.11
20mmPMC	17750.32	9.11	161705.42	156846.47
6mm Seal Coat	17750.32	2.03	36033.15	34950.42
Total	**53250.96**		**2263720.88**	**2195706.15**

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Item of execution	WBM-II (₹/m^2)	WBM-III (₹/m^2)	Premix Carpet (₹/m^2)	Seal Coat (₹/m^2)	Total (in ₹)
Rate allowed for first phase	173.93	173.93	96.85	41.27	
Rate allowed for second phase	157.37	157.83	93.06	39.98	
Excess rate	16.56	16.1	3.79	1.29	
quantity executed	20691.12	20691.12	20688.62	20688.62	
Excess avoidable expenditure	**342644.9**	**333127**	**78409.87**	**26688.32**	**780870.09**

South 24 Parganas ZP stated (September 2010) that distance of 40 km was allowed in first phase and 35 km for second phase of work. But the reply was not tenable as 25 km was allowed in second phase as would be evident from rate analysis, estimates and final contract certificate. Moreover, sketch as enclosed in support of reply of the ZP justified the audit observation.

Thus, Bankura and South 24 Parganas ZPs made an extra avoidable expenditure of ₹ 29.77 lakh due to consideration of excess carriage of stone metal from quarry to worksite.

MURSHIDABAD AND DAKSHIN DINAJPUR ZILLA PARISHADS, BARDHAMAN-I AND BAGDAH PANCHAYAT SAMITIS

5.1.4 Excess payment of ₹ 25.54 lakh

Murshidabad ZP failed to obtain documents from contractors in support of royalty payment and made excess payment of ₹ 11.50 lakh. Dakshin Dinajpur ZP paid ₹ 6.82 lakh excess to the contractors due to short realisation of cost of material supplied departmentally. Bardhaman-I and Bagdah PSs made excess payment of ₹ 7.22 lakh due to non-adherence to prescribed SOR

In course of audit of Murshidabad and Dakshin Dinajpur ZPs, Bardhaman-I and Bagdah PSs, it was noticed that the ZPs and PSs made excess payment due to failure in obtaining documents in support of royalty payment, short realisation of cost of departmental materials and non-adherence of prescribed schedule of rates. The details of excess payment are narrated below:

(a) In order to ascertain cost of carried earth for execution of three roads, Murshidabad ZP prepared (between August and October 2007) rate analysis as well as estimates of earth work including Royalty charges of ₹ 13.75 per m^3. The ZP did not obtain any document from the contractors confirming the fact that royalty charges had been paid to the Land Reforms Officer, in terms of Government notification. Scrutiny of records revealed that the ZP paid (December 2009, September and November 2010) ₹ 1.41 crore to the contractors

for 83,631.96 m^3 earthworks including royalty of ₹ 11.50 lakh[28] without documentary evidence showing that royalty charges were paid by the contractors to the Land Revenue Office. As a result, the ZP made excess payment of ₹ 11.50 lakh to the contractors in disregard of Government Notification. The ZP admitted the fact (March 2011) and stated that the agencies failed to produce the documents towards royalty payments to the concerned Land Reforms Departments.

(b) Dakshin Dinajpur ZP invited (October and November 2005) tenders for construction of pile bridge over Ghushi Khari (1st and 2nd phase) stipulating that the cost of material issued to the contractor would be realised as per departmental procurement rate or scheduled rate which ever is higher. Scrutiny of measurement books and challans revealed that the department recover ₹ 6.20 lakh **(Annexure-XXVI)** less than the stipulated issue rate towards departmental supply of 91.583 MT of different diameter steel and 316.95 MT cement between May 2007 and November 2010. Moreover, the ZP made excess payment of ₹ 0.62 lakh due to erroneous calculation in the Measurement Book. In reply, the ZP stated (March 2011) that the quantity of 8 mm dia rod would be 0.998 MT instead of 9.98 MT but failed to justify the recovery of departmental supply at lesser rate.

(c) Schedule of Rates (SOR) issued by Public Works (Roads) Department (PWRD) stipulated that 0.132 m^3/m^2 of aggregate is required for 100 mm compaction and 0.10 m^3/m^2 of aggregate is required for 75 mm thickness for spreading and consolidation of stone metals for construction of roads.

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Sl. no.	Name of the road improved	Quantity of of earth work (in m^3)	Rate (in ₹)	Amount paid towards earthwork (₹ in lakh)	Amount to be deducted for Royalty Charge @ ₹ 13.75 per m^3 (₹ in lakh)
(1)	Harirampur pitch road to Ranitala pitch road	16193.86	168.67	27.31	2.23
(2)	Sujnipara to Chak-Saidpur & Naya Bahadurpur to CRP-120 Ferry ghat	43719.27	168.65	73.73	6.01
(3)	Tiktikipara More to Kudhapukur	23718.83	168.67	40.01	3.26
	Total	**83,631.96**		**141.05**	**11.50**

Scrutiny of records of Bardhaman-I PS revealed that the PS utilised 0.15 m^3/m^2 of Blast Furnace Slag (BFS) for 100 mm compaction and 0.11 m^3/m^2 of BFS for 75 mm compaction in lieu of stipulated 0.132 m^3/m^2 and 0.10 m^3/m^2 respectively for construction of seven roads between March 2008 and April 2010. As a result, the PS made excess payment of ₹ 4.18 lakh[29] for compaction of 26,547.25 m^2 BFS.

For construction of community hall at Dewandighi, the PS prepared (August 2008) estimate with the provision of 15.07 Metric Ton (MT) reinforcement for 160 m^3 concrete work. But the PS actually executed 110 m^3 concrete works and utilised 10.36 MT[30] reinforcement. Further, the PS did not record detailed measurement of the work in the Measurement Book and paid ₹ 4.81 lakh for 15 MT reinforcement work in lieu of actual 10.36 MT. Thus, the PS made excess payment of ₹ 1.49 lakh[31] to the contractor due to absence of detailed recording in the Measurement Book.

The PS admitted (May 2010) excess payment and recovered (June 2010) excess paid amount of ₹ 1.49 lakh in respect of community hall at the instance of audit.

(d) According to SOR issued by PWRD, the cost of pakur stone material delivered at different railway yards included ex-quarry rates. It also enjoined that the cost of carriage by road along with necessary cost of loading, unloading and stacking were to be added to arrive at the complete rate of supply of materials from railway yards to site.

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Name of road	Area of compaction (in ₹)	Thickness (in mm)	Rate allowed (₹/m^2)	Admissible rate (₹/m^2)	Excess (₹/m^2)	Total excess payment (in ₹)
Punchkulla village road	1430	75	108.77	100.2	8.57	12255.1
Udaypally to Belkash	1085	100	147.04	130.34	16.70	18119.5
Nerodighi village road	4248	100	146.45	130.34	16.11	68435.28
Katwa Road to Bijoygram	5574	100	146.45	130.34	16.11	89797.14
Link road from Kalna to Rayan Village	11232	100	146.45	130.34	16.11	180947.5
Matial to Kaligram Road	1270.5	100	146.45	130.34	16.11	20467.76
Damodar embankment to Kaligram	1707.75	100	146.45	130.34	16.11	27511.85
Total	**26547.25**					**417534.10**

30 As per estimate 15.07 Metric Ton reinforcement was utilised for 160 m^3 cement concrete work (1.2 *per cent* x 160 (volume of cement concrete work) x 7.850 Metric Ton). Thus, for 110 m^3 cement concrete work reinforcement required is = 1.2 *per cent* x 110 x 7.850 MT= **10.36** Metric Ton.

31 4.81 lakh minus ₹ 3.32 lakh (10.36 Metric Ton x ₹ 32,090 per MT) = ₹ **1.49** lakh.

Bagdah PS prepared (September 2008) rate analysis and estimates for repair and maintenance of three road works by adding rate of carriage, loading, unloading and stacking to the rate of railway freight from Pakur railway station to Habra railway station and adopted unwarranted ex-quarry rate of pakur stone material to arrive at cost of material. As a result, the PS made excess payment of ₹ 1.55 lakh[32] to the contractors for 67.15 m^3 repairing work and 14492.75 m^2 bituminous work.

The PS stated (October 2010) that due to misinterpretation of the SOR regarding ex-quarry rate of pakur materials and cost of pakur materials at Habra Railway yards, the cost of stone metal was included twice.

Thus, the ZPs and PSs made excess payment of ₹ 25.54 lakh due to non adherence of government directives, SOR and less realization of cost of materials supplied departmentally.

SOUTH 24 PARGANAS AND BANKURA ZILLA PARISHADS

5.1.5 Excess expenditure of ₹ 18.30 lakh due to non-adherence to SOR

South 24 Parganas and Bankura ZPs did not adhere to the specific percentage of bituminous emulsion prescribed by the Indian Road Congress and Public Works Department for laying on Water Bound Macadam surface and incurred excess expenditure of ₹ 18.30 lakh during 2008-10

The Indian Roads Congress (IRC) specification and the SOR of PWRD prescribed that 0.75kg/m^2 of liquid bituminous emulsion for laying primer coat on the Water Bound Macadam (WBM) surfaces.

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Name of road	Item	Quantity executed	Rate allowed (in ₹)	Rate admissible (in ₹)	Excess rate (in ₹)	Excess payment (₹ in lakh)	Excess payment after tender rebate (₹ in lakh)
Non-Chapota to Baikola	Repairing of potholes	43.13 m^3	6200.51	5576.14	624.37	0.27	0.26
	Laying thick premix carpet	2700 m^2	149.44	134.84	14.6	0.39	0.39
	Laying of seal coat	2700m^2	45.81	44.4	1.41	0.04	0.04
Beara Bazar to Parmadan	Repairing of potholes	20.26 m^3	6200.51	5576.14	624.37	0.13	0.12
	Laying thick premix carpet	3422.85 m^2	149.44	134.84	14.6	0.50	0.49
	Laying of seal coat	3422.85 m^2	45.81	44.4	1.41	0.05	0.05
Bagdah bazar to Mashyampur	Repairing of potholes	3.76 m^3	6358.12	5615.44	742.68	0.03	0.03
	Laying thick premix carpet	1089.95 m^2	149.44	134.84	14.6	0.16	0.16
	Laying of seal coat	1089.95 m^2	45.81	44.4	1.41	0.02	0.02
			Total			**1.58**	**1.55**

Scrutiny of records of South 24 Parganas and Bankura ZPs revealed that the ZPs executed (2008-09) 17 works on improvement/up-gradation of roads and laid primer coat @ 1.05 kg/m^2 on 2,89,786.47 m^2 of road surface over WBM in lieu of stipulated 0.75 kg/m^2. As a result, the ZPs made excess payment of ₹ 18.30 lakh due to excess consumption of bitumen.

South 24 Parganas ZP stated (September 2010) that the primer coat was laid @ 1.05 kg/m^2 as per specification issued by the Ministry of Surface Transport in 1990. The reply was not tenable as instructions issued by the same Ministry in 2001, PWRD in 1999 and 2008 and Rural Roads Manual stipulated laying of bituminous emulsion @ 0.75 kg/m^2 as primer coat. Bankura ZP stated (August 2010) that specification was used in the high porosity zone. But the reply was not acceptable as laying of bitumen emulsion @ 1.05 kg/m^2 in the high porosity zone was for gravel base surface and not for WBM surface.

Thus, the ZPs made excess payment of ₹ 18.30 lakh due to non-compliance of the specification meant for WBM surface.

BANKURA ZP, BARDHAMAN-I AND II PANCHAYAT SAMITIS

5.1.6 Excess expenditure of ₹ 14.76 lakh due to non-adherence to SOR during execution of road works

Bankura ZP incurred excess expenditure of ₹ 9.57 lakh due to non-adherence to SOR regarding consideration of nearest availability of material for execution of three roads. Similarly, Bardhamn-I and II PSs incurred avoidable expenditure of ₹ 5.19 lakh towards utilisation of costly material without considering SOR

Indian Road Congress (Rural Roads) Manual 2007 specially emphasised maximum utilisation of locally available materials. The guidelines contained in the manual would apply to all phases of rural road development including maintenance of rural roads. Besides, SOR issued by PWRD stipulated different cost of road metals available at different quarry required for construction of roads.

Bankura ZP executed improvement of roads from 'Mejhia to Kusthal' (9-10.33 km) and 'Bhagbanpur to Chatrabaid Road' between October 2009 and May 2010 under Twelfth Finance Commission Grants. The ZP utilised costly Pakur variety stone aggregates for execution of 19,682.09 m^2 in lieu of schedule approved cost effective Hura variety stone metals and incurred an avoidable

expenditure of ₹ 7.85 lakh[33]. Similarly, the ZP incurred excess expenditure of ₹ 1.72 lakh[34] towards execution of Dangarampur Molian Road by utilising Hura variety stone metals in lieu of cost effective Puncha variety.

Bardhaman-I PS prepared estimate (October 2008) for construction of 'Suri to NH-2 via Chandul' road to be executed departmentally, considering consolidation of Blast Furnace Slag. But the PS procured (December 2008) 840.913 m^3 laterite at the rate of ₹ 1,259 per m^3 in lieu of locally available cost effective Blast Furnace Slag (₹ 808 per m^3) for execution of the said road. As a result, the PS incurred an excess expenditure of ₹ 3.45 lakh[35] due to non consideration of cost effective materials.

Bardhaman-II PS expended ₹ 4.72 lakh towards execution of 2,127.10 m^2 consolidation of stone metal of Panchami variety (₹ 221.9 per m^2) for construction of black top roads from 'Gangpur to Banka Village' between January and June 2009. Scrutiny of records revealed that distance between quarry and worksite was 162 km while it was only 16 km for Pakur variety stone metal. Had the PS considered rate of Pakur variety stone metal, cost of consolidation would

[33] **Mejhia to Kushthal Road**

Grade	Quantity executed (m^2)	Rate allowed (₹/m^2)	Rate admissible (₹/m^2)	Avoidable rate	Avoidable expenditure (in ₹)
1	4743.75	247.37	213.6	33.77	160196.43
2	4743.75	191.48	160	31.48	149333.25
3	4743.75	191.98	163.5	28.48	135102
	Total				**444631.68**

Bhagabanpur-Chatrabaid Road

Grade	Quantity executed (m^2)	Rate allowed (₹/m^2)	Rate admissible (₹/m^2)	Avoidable rate	Avoidable expenditure (in ₹)
2	2725.42	191.48	127.62	63.86	174045.3
3	2725.42	191.98	131.12	60.86	165869.1
	Total				**339914.4**

Total Avoidable expenditure: ₹ 4.45 lakh plus ₹ 3.40 lakh = ₹ 7.85 lakh

[34] **Dangarampur Molian Road**

Item of execution	Quantity executed (m^2)	Rate allowed	Admissible rate	Excess rate	Excess payment to agency (in ₹)
WBM Grade-2	3728.94	128.71	94.24	34.47	128536.56
WBM Grade-3	3728.94	128.96	117.27	11.69	43591.31
		Total			**172127.87**

[35] {840.913m^3 x (₹ 1,259/m^3 *minus* ₹ 808/m^3)} less tendered rate 9.01 *per cent*.

become ₹ 2.98 lakh[36]. Thus the PS incurred excess expenditure of ₹ 1.74 lakh for utilising Panchami variety in lieu of Pakur variey.

Bankura ZP stated (August 2010) that provision of rural roads manual was not adopted as the works executed were maintenance work and Pakur variety material were utilised for execution of 'Mejhia to Kusthal' due to non availability of Hura variety materials. But the reply was not tenable as the guidelines contained in the manual are also applied to the maintenance works. Besides, the ZP executed improvement of road from Dangarampur Molian Road by utilising Hura variety stone metals during the same period. Bardhaman-I and II PSs admitted the fact (May and June 2010).

Thus, the ZP and the PSs did not consider nearest availability of material while execution of road works and incurred excess expenditure of ₹ 14.76 lakh towards costly road metal in lieu of cost effective schedule approved local material.

GRAM PANCHAYATS

5.1.7 Irregularities in procurement of material valuing ₹ 1.26 crore

Twenty one GPs failed to adhere to rules while procuring material valuing ₹ 1.25 crore. Beside, one GP did not enter stock valuing ₹ 0.39 lakh into durable stock register

West Bengal Panchayat (GP Accounts, Audit and Budget) Rules 2007 stipulates the process of procurement of materials for different schemes. Rules 11 (2) (a) of the said rule stipulates that tender should be invited by the Artha O Parikalpana Upa-Samiti for purchase of any stock of articles valuing rupees twenty thousand or more from the firms generally known to deal in the articles and materials to be so purchased; and, for purchase of amount less than rupees twenty thousand, sealed quotations of rates should be invited from at least five such firms. Further, In terms of rule 11 (4) of the said rule, all durable articles should be entered in the Durable Stock Register.

[36] 2,127.10 m2 x ₹140 per m^2 = **₹ 2.98 lakh.**

In violation of the said rule, 21 GPs[37] did not invite any tender while procuring materials for works relating to National Rural Employment Guarantee Scheme, Backward Region Grant Fund, 12th FC, 2nd SFC and Untied Fund and expended ₹ 1.25 crore during 2009-10.

Further, Bhagwanpur-I GP purchased one laptop for ₹ 0.39 lakh from 12th FC fund but did not enter it in the Durable Stock Register in violation of rule 11 (4).

Thus, 21 GPs irregularly procured material valuing ₹ 1.25 crore without inviting tender and one GP did not enter stock valuing ₹ 0.39 lakh in the stock register, rendering the process non-transparent. Due to their failure to invite tenders, these GPs could not get the best competitive and most economic rates while spending public money.

PANCHAYAT SAMITIS

5.1.8 Infructuous expenditure of ₹ 3.45 crore due to lack of proper planning

PRIs engaged Sahayaks/Sahayikas in Sishu Siksha Kendras in excess of sanctioned strength involving avoidable payment of honorarium of ₹ 3.45 crore during 2006-10.

Government of West Bengal introduced (1997-98) the Shishu Shiksha Karmasuchi (an alternative para-teacher scheme) with the objective to provide primary education to the children in the age group of five to nine years. Under the scheme *Sishu Siksha Kendras* (SSKs) were established in areas where formal educational facilities are not available. *Sahayak/Sahayikas* are appointed by the Managing Committees of the concerned Kendras. The State Government decided in February 2004 that 3 and 4 *Sahayak/Sahayikas* could be engaged in the SSKs only when the number of learners exceeded 80 and 120 respectively in a particular area.

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[37] **Bardhaman ZP**- Baidyapur GP (₹ 2.14 lakh), Domohani GP (₹ 0.89 lakh), Nuni GP (₹ 1.10 lakh), Anukhal GP (₹ 3.08 lakh), Badla GP (₹ 8.04 lakh) and Punchra GP (₹ 0.10 lakh).

Cooch Behar ZP - Haribhanga GP (₹ 0.24 lakh).

Howrah ZP - Singti GP (₹ 2.62 lakh).

Jalpaiguri ZP - Damdim GP (₹ 3.87 lakh) and Bagrakote GP (₹ 11.21 lakh).

Murshidabad ZP - Dafarpur GP (₹ 15.92 lakh), Rajapur GP (₹ 4.59 lakh), Sundarpur GP (₹ 1.03 lakh) and Parulia GP (₹ 30.99 lakh).

North **24 Parganas ZP** - Kaniara- I GP (₹ 1.52 lakh).

Paschim Medinipur - Kalaikunda GP (₹ 6.87 lakh), Jamboni GP (₹ 0.42 lakh), Jamna-II GP (₹ 4.45 lakh) and Bhimpur GP (₹ 11.97 lakh).

Purba Medinipur ZP - Boyal- II GP (₹ 2.34 lakh) and Gojina GP (₹ 11.84 lakh).

Records of 46 PSs revealed that these PSs engaged 1,367 *Sahayaks/Sahayikas* during 2006-10 in excess of the limit fixed by the State Government and expended ₹3.45 crore[38] towards payment of honorarium to those Sahayaks/ Sahayikas in 727 SSKs.

When this was pointed out, Patashpur-I, Goalpokher-I, Kaliyaganj, Nandigram-III (Chandipur), Tarakeswar, Hingalganj, Chanchal-I and Haripal PSs did not furnish replies. Sixteen PSs[39] admitted the fact. Sagardighi, Daspur-I, Banshihari, Andal, Moyna, Nandakumar and Harirampur PSs stated that the matter would be placed before Siksha Sanskriti Tathya O Krira Sthayee Samiti / general meeting of the PS. Ramnagar-I, Jhargram, Kulpi, Jangipara, Diamond Harbour-I, Mekliganj, Kandi and Basirhat-II PSs stated that excess payment was done due to unstable student strength and Mathabhanga-II PS replied that student strength decreased subsequently. Amdanga PS stated (July 2009) that excess Sahayika was not terminated on compassionate ground. Panskura-I, Raiganj, Bhagwangola, Gosaba and Minakhan PSs assured to take positive step in future. Contai-III and Hili PSs stated that the fund for excess honorarium was released by the higher authority.

In April 2010 the State Government decided to continue their services upto the age prevailing in their case without enlisting their detail terms and conditions regarding transfers, deployment and other service conditions. Thus, the administrative authorities did neither ensured compliance with the provisions of the government order (April 2004) regarding engagement of Sahayikas in SSKs by PRIs nor did the State Government laid down (April 2010) detail service terms and conditions during continuation of their services upto the age prevailing in their case. As a result, the State Government incurred infructuous

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[38] **Expenditure towards excess *Sahayak/Sahayikas* (₹ in lakh)**

PSs :Amdanga (0.28); Andal (6.28); Baduria (2.68); Banshihari (12.76); Barasat-II (0.74); Basirhat-II (6.74); Bhagawangola (1.96); Chanchal-I (5.52); Chanditala-I (6.80); Contai-III (7.20); Daspur-I (11.11); Diamond Harbour-I (3.12); EnglishBazar (1.28); Goalpokher-I (7.98); Gosaba (1.56); Haripal (8.24); Hili (5.84); Islampur (4.06); Jangipara (2.76); Jhargram (5.54); Kaliaganj (6.44); Khejuri-II (1.20); Kulpi (4.04); Manikchak (2.68); Matiali (5.62); Minakhan (0.84); Moyna (15.54); Nabadwip (1.38); Nandigram-III (Chandipur) (4.60); Old Malda (0.96); Panskura-I (28.72); Patashpur-I (8.28); Raiganj (23.26); Ramnagar-I (4.06); Sagardighi (24.06); Tarakeswar (13.44); Balagarh (9.48); Gangarampur (33.06); Harirampur (7.86); Hingalganj (3.36); Kandi (16.64); Mathabhanga-II (1.76); Mekhliganj (2.32); Nagrakata (4.58); Nandakumar (10.22) and Pusurah (7.82).

[39] Old Malda, Matiali, English Bazaar, Minakhan, Manikchak, Khejuri-II, Amdanga, Contai-III, Chanditala-I, Islampur, Baduria, Pursurah, Nagrakata, Balagarh, Nandakumar and Gangarampur.

expenditure of ₹ 3.45 crore towards payment of honorarium to *Sahayaks/Sahayikas*.

5.2 Audit against propriety / expenditure without justification

PURULIA ZILLA PARISHAD

5.2.1 Infructuous investment of ₹ 1.21 crore and committed liability of ₹ 0.67 crore on uneconomical and incorrectly conceived schemes

Four RLI schemes undertaken by Purulia ZP remained unexecuted after incurring expenditure of ₹ 1.21 crore with committed liability of ₹ 0.67 crore due to the ZP's lackadaisical attitude which rendered the investment infructuous

The objective of River Lift Irrigation (RLI) scheme was to create additional irrigation facilities. Purulia ZP decided (January 2000) to execute four RLI schemes in Manbazar-I and II PSs through the West Bengal Agro Industries Corporation (WBAIC) with the aid of ₹ 1.62 crore received (January 2000) from the Water Resources Investigation & Development Department (WRIDD), Government of West Bengal. No agreement was executed with the WBAIC for execution of the schemes.

Scrutiny of records revealed that Purulia ZP neither conducted any feasibility study suggested by the WRIDD nor prepared detailed project report for four RLI works and paid ₹ 1.08 crore (May and December 2000) to the WBAIC. The WBAIC procured and supplied (June and July 2000) pipes, pump sets and accessories compatible for diesel valuing ₹ 1.75 crore. The WBAIC did not execute the schemes after supplying the costly materials as the ZP did not pay the balance fund of ₹ 0.67 crore to them. The materials remained lying in open air since 2000. Furthermore, minutes of the meeting (held in presence of Honourable Minister in Charge of WRIDD in August 2002) revealed that schemes would be uneconomic and unviable because the outdated diesel pumps as supplied had poor discharge capacity and high operating cost, as also opined by the Chief Engineers' Committee. Despite fully aware of the fact, the ZP decided to execute one scheme in Sasangara RLI in Manbazar-I PS as a test case and took two years to sub-allot (September and October 2004) ₹ 0.13 crore to Manbazar-I PS for the said purpose. Manbazar-I PS reported (December 2007) full utilisation of the fund against completion of fifty *per cent* of the work as of January 2010.

Further, in course of execution in Sasangara RLI, two pump sets were sent for repairing, of which one was yet to be tested after repair (March 2010) and another was retained by the repairing agency subject to clearance of bill. Since then, the ZP had no information about the progress of the schemes.

Thus, the ZP undertook the schemes in haste without detailed study and evaluating the viability of the schemes as suggested by the Chief Engineers' Committee. In the absence of an agreement, the ZP failed to take any action against the WBAIC for non-execution of the schemes. Besides, investment of ₹ 1.08 crore became infructuous as the outdated costly materials laid in open air for more than ten years would require overhauling as and when these were going to be utilised. Moreover, the ZP merely shifted its responsibility to the PS for installation of at least one scheme and failed to accomplish the objective of the schemes even after taking up the work for execution on its own for the last eight years.

The ZP admitted the fact (August 2009 and December 2010) and also their failure to find out the prospect of the schemes.

Thus, the schemes remained unexecuted even after incurring expenditure of ₹ 1.21 crore (investment: ₹ 1.08 crore plus utilisation: ₹ 0.13 crore) with committed liability of ₹ 0.67 crore due to the ZP's lackadaisical attitude towards execution of the schemes which also rendered the investment infructuous. Absence of proper planning and preparedness in undertaking the schemes also graved opportunities of additional irrigation facilities for the rural people.

NORTH 24 PARGANAS ZILLA PARISHAD

5.2.2 Excess payment of ₹ 25.84 lakh due to delay in awarding work

The ZP's delayed action in issuing work order, subsequent to obtaining of rates from contractors and approval from NABARD resulted in excess expenditure of ₹ 25.84 lakh

As per guidelines of Rural Infrastructure Development Fund (RIDF), tender for the works are to be invited after receipt of sanction order from the National Bank for Agriculture and Rural Development (NABARD) and all works are to be commenced within three months from the date of communication of the sanction order from the NABARD.

Scrutiny of records revealed that North 24 Parganas ZP decided (February 2006) to construct two market complexes at Dutta Pukur and Ruiya at an estimated cost of ₹ 1.64 crore and ₹ 0.27 crore respectively. Accordingly, the ZP invited tenders for both the works and placed (February 2006) the lowest rates[40] before tender sub-committee for approval before obtaining sanction from NABARD. In February 2007, NABARD sanctioned ₹ 1.91 crore under RIDF-XII for construction of the said two market complexes. Before cancellation of both the tenders, the *Purta Karya O Paribahan Sthayee Samiti* of the ZP decided (November 2007) to approach the lowest bidders for execution of the works at the rate offered by them earlier. In terms of Rule 94(5) of the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003, tender sub-committee's recommendations are to be submitted to the *Artha Sthayee Samiti* for decision. In violation of rules, tender sub-committee cancelled (December 2007) the rates offered by the contractors on the ground that the contractors were unwilling to undertake the work at the offered rate. There was neither any record that written opinion of lowest bidders was sought for nor any documentary evidence to justify the decision of tender sub-committee for cancellation of the tender. The ZP re-tendered (January 2008) the works and issued work order (March 2008) to the contractors at the lowest rates of 2.50 *per cent* above the estimated rates in respect of Duttapukur and 2.99 *per cent* above in respect of Ruiya. Thus, approved rates were more than 14.72 *per cent* and 18.66 *per cent* of the initial lowest rates respectively.

[40] 12.22 *per cent* less for Duttapukur and 15.*67 per cent* less than the estimated cost for Ruiya market complex.

The works were still ongoing and the contractor was paid ₹ 1.69 crore as of October 2010. The contractors were granted extension of time fives times upto September and March 2010 against stipulated period of completion in September and June 2008 for Duttapukur and Ruiya market complex respectively.

Thus, the ZP's inaction to take timely action in issuing work order after obtaining approval from NABARD, resulted in excess expenditure of ₹ 25.84 lakh[41] on the works completed so far (October 2010).

The ZP attributed (October 2010) the reluctance of the contractor to take up the works at a lower contractual percent as the estimates were prepared based on the SOR of PWD for the year 2002-03. The reply was hardly tenable as the ZP had delayed issuing work order without any justification.

Thus, it was evident that the ZP had failed to place work order in time on the lowest tenderer in the first instance which resulted in excess expenditure of ₹ 25.84 lakh.

5.3 Persistent/pervasive irregularities

ZILLA PARISHADS

5.3.1 Idle grants of ₹ 19.36 crore

Nine ZPs failed to utilise developmental grants of ₹ 19.36 crore for three to five years

In terms of Rules 36(4) and 116(5) of the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003, the grants received by the PS or ZP from the government for implementation of the specified schemes, should be utilised without any delay, preferably within a period of six months and utilisation certificate should be furnished within six months from the date of receipt of

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Name of the Market Complexes	Lowest rates obtained in first tender	Lowest rates obtained in subsequent tender	Difference (in *per cent*)	Excess expenditure
Duttapukur	12.22 *per cent* less	2.50 *per cent* above	14.72	₹ 21.29 lakh (₹ 144.64 lakh x 14.72 *per cent*)
Ruiya	15.67 *per cent* less	2.99 *per cent* above	18.66	₹ 4.55 lakh (₹ 24.37 lakh x 18.66 *per cent*)
Total excess payment				**₹ 25.84 lakh**

grants. The unspent balance, if any, should be returned to the fund sanctioning authority if there is no scope to utilise the same within a reasonable period.

Review of records of nine ZPs[42] conducted during 2009-10 revealed that these ZPs received developmental grants of ₹ 19.36 crore for undertaking various social assistance programmes, creation of durable community assets and infrastructural development. The ZPs neither could utilise the grants for more than three years nor initiatives were taken to utilise the fund for the specific purposes or to surrender. The funds were kept idle under concerned heads lying with repective Treasury/Bank Accounts.

The matter of non-utilisation of government grants in respect of Malda, Murshidabad and Uttar Dinajpur ZPs was earlier raised in the Audit Reports between 2008 and 2010 while the same in respect of Purba Medinipur, Paschim Medinipur ZPs and Siliguri Mahakuma Parishad was also reflected in the Audit Reports for the year 2008, 2009 and 2010 respectively but no improvement was found during successive audit of these ZPs.

When pointed out, all the ZPs admitted the fact except Birbhum, Malda and Murshidabad ZPs who did not furnish any reply. North 24 Parganas ZP stated that funds could not be utilised due to political impasse persisted in the ZP for more than a year. Uttar Dinajpur ZP replied that the grants could not be utilised due to land and site problem. Paschim Medinipur, Purba Medinipur ZPs and Siliguri Mahakuma Parishad stated that action had already been taken to reduce the unspent balances. In absence of any reply, reason for non-utilisation of funds by Birbhum, Malda and Murshidabad ZPs were not ascertained.

Thus, the developmental grants remained idle in the hands of the ZPs and the ZPs thus deprived the rural people from getting the intended benefits from these grants. This also indicates lack of monitoring by the State Government as they failed to monitor over the utilization of developmental grants after their release to PRIs.

[42] **ZPs**: Birbhum: ₹ 5.75 crore, Malda: ₹ 4.01 crore, Murshidabad: ₹ 2.50 crore, North 24 Pgs: ₹ 1.44 crore, Paschim medinipur: ₹ 1.27 crore, Purba Medinipur: ₹ 0.71 crore: Siliguri Mahakuma Parishad: ₹ 10 crore, South 24 Parganas: ₹ 2.31 crore and Uttar Dinajpur: ₹ 1.27 crore.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.3.2 Idle investment of ₹ 12.11 crore on incomplete works

Different developmental works undertaken in 22 PRIs remained incomplete even after expending ₹ 12.11 crore due to not ascertaining availability of fund, proper execution site, preparing exhaustive estimate and planning

Completion of a project within scheduled time requires fulfillment of certain activities like identification of sources of fund, clear site, preparation of plan, design and estimate and necessary infrastructural facilities as envisaged in the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules 2003. The state government releases specific developmental grants for infrastructural development on receipt of demand from PRIs.

Twenty two[43] PRIs undertook construction of community hall, auditorium, market complex, bridge, health centre, cluster livelihood resource centre building and implementation of water supply scheme etc. for an estimated value of ₹ 16.44 crore from the funds released under Member of Parliament Local Area Development Schme (MPLAD), *Bidhayak Elaka Unnayan Prakalpa (BEUP),* Backward Region Grant Fund (BRGF), Tenth Finance Commission (10th FC), Eleventh Finance Commission (11th FC), Twelfth Finance Commission (12th FC), Second State Finance Commission (2nd SFC), *Paschimanchal Unnayan Parshad* during 1997-98 to 2008-09. Scrutiny revealed that these works remained incomplete from 1 to 12 years due to the PRIs' failure to ensure availability of fund and clear work site beforehand, to prepare detailed estimate and improper monitoring over the performance of the contractors as stated in **Appendix- XXVII**.

Further, observations on Sonamukhi, Dantan II, Jhalda I, Jhalda II, Nowda, Sabang and Bagdah PSs were raised in the Audit Report 2009 but no improvement has been noticed during successive audit.

Thus, the expenditure of ₹ 12.11 crore on various projects remained idle for one to 12 years due to lack of proper monitoring, preparation of faulty estimate

[43] **ZPs**: Murshidabad (₹ 0.23 crore) and Cooch Behar (₹ 2.40 crore) **PSs**: Dantan-I (₹ 0.24 crore) ; Dantan-II (₹ 0.47 crore); Sabang (₹ 0.64 crore); Egra-II (₹ 0.07 crore); Madarihat-Birpara (₹ 0.22 crore); Ketugram-II (₹ 0.44 crore); Tapan (₹ 0.67 crore); Chapra (₹ 0.17 crore); Sonamukhi (₹ 1.72 crore); Debra (₹ 0.93 crore); Domkal (₹ 0.27 crore); Nowda (₹ 0.24crore); Bharatpur-II (₹ 0.09 crore); Jhalda-I (₹ 0.08crore); Manbazar-I (₹ 0.18 crore); Jhalda-II (₹ 0.14 crore); Bagdah (₹ 0.48 crore); Chandrakona-I (₹ 0.65 crore); Mongalkote (₹ 1.07 crore) and Salboni (₹ 0.49 crore).

and defective planning. As a result intended benefit from those projects did not reach the common people.

SOUTH 24 PARGANAS AND BANKURA ZILLA PARISHADS

5.3.3 Unfruitful expenditure of ₹ 4.71 crore

South 24 Parganas and Bankura ZPs had undertaken construction of bridge without ascertaining availability of land. The bridges were completed after incurring expenditure of ₹ 4.71 crore but construction of approach roads could not be commenced due to want of land

Bridges over river facilitate faster socio economic development of rural areas by establishing connectivity, besides convenience. Audit scrutiny revealed that South 24 Parganas and Bankura ZPs expended ₹ 4.71 crore for construction of two bridges but failed to achieve desired development even after a lapse of eight to 15 years due to non-availability of lands as narrated in the succeeding paragraphs.

Bishnupur-I PS under South 24 Parganas ZP undertook (August 1995) construction of a bridge over a canal at Nepalgunj Hat at an estimated cost of ₹ 21.76 lakh and expended ₹ 29.42 lakh as of September 1997. In June 1998, the ZP instructed to stop the work on the ground of improper tender procedure. Since then the work remained suspended. After conducting an inspection in December 2004, the inspection team of the ZP suggested shifting of shopkeepers and owners of land from the bridge at site. The ZP decided (February and April 2005) to undertake the balance work (phase wise) of construction of the bridge at an estimated cost of ₹ 36.28 lakh. No detailed estimate was prepared for the entire project comprising the construction of approach roads. The ZP spent ₹ 30.35 lakh for completion of the bridge (February 2008). In February 2008, the ZP decided to construct approach roads without resolving the encroachment issue. It was also not evident from the available records whether the ZP had taken effective steps to remove the hindrances except resolving the compensation factor. Consequently, the construction of approach roads was postponed (since June 2008) due to non-availability of land after incurring expenditure of ₹ 6.31 lakh, as of September 2010. Thus, 15 years after commencement of work the bridge completed at a cost of ₹ 30.35 lakh has not been put to use due to the

ZP's failure to ensure availability of land for the approach road, rendering the entire expenditure of ₹ 66.08 lakh[44] unfruitful.

Bankura ZP proposed (June 2002) construction of a bridge including approach roads over river Gandheswari near Bhutsahar at a cost of ₹ 7.00 crore under RIDF. The work was to be executed by the PWRD as a deposit work of the ZP. Before sending proposal to the Government, the ZP did not ensure availability of land required for construction of approach roads. The ZP received ₹ 4.71 crore against sanction of ₹ 5.56 crore. The work was awarded at a cost of ₹ 5.23 crore in February 2003 with the stipulation that the work should be completed within two years. The bridge was completed in May 2005 at ₹ 4.10 crore. The work of approach road has remained postponed since then due to want of land. The ZP refunded balance funds of ₹ 0.61 crore due to inability to execute the approach roads.

South 24 Parganas admitted the facts (September 2010). Bankura ZP stated (December 2010 and February 2011) that the land had been purchased from own fund but work could not be started as the Detailed Project Report had not been sanctioned by the P&RDD pending clarification from the PWRD.

Thus, the ZPs failure to ensure availability of land prior to implementation of the project, entire expenditure of ₹ 4.71 crore rendered unfruitful and surrender of ₹ 0.61 crore. Beside, intended connectivity and benefits of the bridge could not be realised as of February 2011.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.3.4 Unproductive remunerative assets and failure in augmentation of non-tax revenues

Remunerative assets created by five PRIs at a cost of ₹ 1.23 crore remained unproductive due to faulty planning, selection of wrong project site and lack of initiative of PRIs and non-tax revenue of ₹ 72.88 lakh could not be generated due to non-allotment/delay in allotment of stalls

Special emphasis is being given by successive Finance Commissions (FCs) for augmentation of own source revenues of PRIs. According to the recommendations of the Tenth and Eleventh FCs, grants were provided to PRIs for creating remunerative assets and the Twelfth FC recommended incentive grants to PRIs

[44] Expenditure incurred by the PS: ₹ 29.42 lakh *plus* expenditure incurred by the ZP: ₹ 30.35 lakh (bridge) *plus* ₹ 6.31 lakh (approach roads).

based on performance for augmentation of own source revenue. Despite these efforts, performance of the PRIs in this regard was not found to be satisfactory as would be evident from the following paragraphs.

Scrutiny of records of five PRIs[45] revealed that they expended ₹ 1.23 crore on construction of remunerative assets like market complex and bus terminus from Tenth Finance Commission (10th FC), Eleventh Finance Commission (11th FC), Sampoorna Grameen Rojgar Yojana (SGRY), *Paschimanchal Unnayan Parshad (PUP)*, Member of Parliament Local Area Developmnt (MPLAD) and Border Area Development Programme (BADP) during 1998-2008. We found that after completion of the constructions, these assets were not utilised for a period ranging from one to four years. There was no record to show whether demand surveys were conducted before taking up construction of those works.

Scrutiny revealed that those five[46] PRIs failed to generate revenue of ₹ 72.88 lakh due to non-allotment of complete market stalls. When pointed out, North 24 Parganas ZP, Raghunathpur II PS and Bandwan PS stated that lack of interest and high price of stalls were the main hindrance in leasing out. Nadia ZP admitted the fact but Malda ZP did not furnish any reply.

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Sl no.	Nature of the asset	ZP/PS	Expenditure (₹ in lakh)	How long unutilised	Reason	Present status
(1)	Bus terminus cum market complex	Malda ZP	37.68	4 years	Dispute in demarcation of land, non functioning of the bus terminus and encroachment of some portion of the adjoining premises.	DL&LRO was requested for demarcation of land but no reply has so far been received from their end.
(2)	Market complex	Nadia ZP	33	2 years 9 months	Non-participation of the bidders	Out of 95 stalls only 32 stalls were allotted.
(3)	Daily market	Balarampur PS	17.21	1 year	Crop/vegetable sellers not interested due to insufficient passage	Stalls not yet allotted.
(4)	Market stalls	Mongalkote PS	9.45	3 years	Lack of initiative on the part of the PS	Now the PS has taken step to distribute the stalls.
(5)	Market complex	Krishnanagar I PS	26.36	2.5 years	Not clarified by the PS	Stalls not yet handed over to the beneficiaries.

[46]North 24 Parganas ZP (₹ 30.71 lakh); Nadia ZP (₹ 24.24 lakh); Malda ZP (₹ 6.65 lakh); Raghunathpur-II PS (₹ 10.63 lakh) and Bandwan PS (₹ 0.65 lakh).

Thus, the assets created at a cost of ₹ 1.23 crore remained unproductive for one to four years due to faulty planning, selection of wrong project site and lack of initiative on the part of PRIs due to which common people were deprived of the intended benefits. Besides, the main objective of augmentation of own source revenue by utilising these remunerative assets was frustrated due to absence of demand survey and inaction on the part of the PRIs to take initiatives to allot the stalls.

Observations on non-utilisation of remunerative assets in respect of Birbhum and North 24 Parganas ZPs and 6 PSs[47] were made in the Audit Report 2009. But the position remained the same as observed in subsequent audit.

BIRBHUM AND NORTH 24 PARGANAS ZILLA PARISHADS

5.3.5 Loss of ₹ 88.99 lakh due to unauthorised remission and refund of rightful revenue

Birbhum and North 24 Parganas ZPs waived ₹ 39.40 lakh receivable from lessees of roads and office premises without taking approval from the Directorate of Panchayats & Rural Development Department. The ZPs also refunded ₹ 49.59 lakh to the lessees in violation of terms and conditions as set out in the agreements

Rule 13 (4) of the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003 enjoins that any remission of revenue or rent of leased out land, ferry, pond, gardens, orchards, fisheries, tolls on bridges and taxes, rates and fees not exceeding ₹ 1,000 may be made by the ZP only with prior approval of the Director of the P&RDD in writing. As such, the ZP has no authority to consider remission of revenue.

(a) Unauthorised remission of ₹ 39.40 lakh

(i) Birbhum ZP waived lease money of ₹ 20.50 lakh receivable from Sri Sanjoy Pal, lessee of Panchami toll vide decision taken in Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti meeting in May 2006. The matter of unauthorized remission without taking approval of the State Government was pointed out in the Audit Report for the year ending 31 March 2009.

(ii) Subsequent audit revealed that the ZP engaged (July 2007) Sri Brojendra Dutta, as successful bidder, to collect toll tax for one year for 'Nalhati-Sultanpur

[47] **PSs**: Bandwan, Manbazar-I and Raghunathpur-II (Purulia ZP); Haldia and Tamluk (Purba Medinipur ZP) and Gopiballavpur-I (Paschim Medinipur ZP).

Road' for a premium of ₹ 10 lakh. During March and November 2008, Shri Dutta pleaded the ZP to extend lease period for further eight months as he failed to collect toll tax due to litigation and rainy season. The *Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti* of the ZP granted (February 2009) 167 days extension of lease period in favour of Shri Dutta. Thus the ZP granted remission of ₹ 4.58 lakh beyond its administrative purview. Moreover, the Directorate of P & RDD disallowed (August 2009) the remission granted to Shri Pal and Shri Dutta of ₹ 25.08 lakh referring the rule provision.

(iii) Scrutiny revealed that the ZP did not consider the disallowance of the Govt. on remission of earlier leases and further granted (January 2009) remission of ₹ 9.09 lakh for extension of lease period of 107 days in favour of Shri Faizul Islam, the lessee of Rampurhat bye-pass Road on the plea of for non-collection of taxes without citing any specific reason for getting relief from payment of arrear lease rent.

Birbhum ZP did not take any action to recover the remissions disallowed by the Directorate.

The ZP failed to reply to the audit observations.

Similarly, the Sabhadhipati of North 24 Parganas ZP also exempted the Zilla Saksharata Samiti from paying monthly rent for occupying 1000 square feet office space (rent of ₹ 2.75 per square feet per month) since June 1994 without approval either of the *Artha, Sanstha, Unnayan O Parikalpana Sthayye Samiti* or of the Director. The decision thus, not only caused loss of ZP coffer of ₹ 5.23 lakh (as of March 2010) but also debarred it from sending demand notice to the Samiti in future.

In reply, North 24 Paraganas ZP admitted (October 2010) the fact.

In all the above cases the ZPs granted remission of ₹ 39.40 lakh without getting prior approval of the Director.

(b) Loss of ₹ 49.59 lakh due to unauthorised refund

(i) North 24 Parganas ZP decided (January 2003) to lease out 17 shops and one telephone booth in the first floor of "Titumir Central Bus Terminus Cum Shopping Complex" at Barasat at non-refundable premium depending upon the size and license fee of ₹ 4 per square feet per month. Terms and conditions

as set in the brochure and agreement stipulated that 15 *per cent* interest would be charged as penalty if payments were not made within scheduled time and in case of ZP's delay in allotting the shops for more than three months, interest at the prevailing rate on fixed term deposit would be paid by the ZP. It was also specified that in no case, the ZP would be liable to repay premium or pay interest on any refund. Scrutiny of records revealed that the ZP received no license fee since letting out (between December 2002 and February 2004) the shops to 10 lessees except a premium of ₹ 18.61 lakh. The ZP, without taking any step to realize license fees from the lessees, decided (June 2009) to refund premium money with 10.5 *per cent* compound interest (upto May 2009) to the lessees as they were not continuing their business. Apropos the decision, the ZP refunded (June 2009) premium of ₹ 17.61 lakh alongwith interest of ₹ 14.72 lakh (calculated @ 10.5 *per cent* compound interest) to 10 lessees in violation of terms and conditions as set in the brochure and agreement though no demand for refunding of premium money was claimed by the lessees.

North 24 Parganas ZP stated (November 2011) that the decision to refund the lease money was adopted due to absence of walkway from the road to the shopping complex. But the ZP did not cite any reason for not taking any corrective measures to lease out the stalls after resolving the matter.

(ii) Similarly, Birbhum ZP invited tender (October 2008) for leasing out Sagarbandhi-Dholkata Road and Roypur-Habrapahari Road stipulating the conditions that no compensation would be given if toll collection got discontinued due to natural calamity/bandh or blocking of road and the lessee had to bear any kind of loss. The ZP allowed (December 2008) M/s Winsom Agro Foods Pvt. Ltd., as the successful bidder for collection of toll for one year for a lease amount of ₹ 62 lakh. In July 2009, the Company intimated its inability in collection of toll due to continuous threat and objection from Mines Owner Association and requested the ZP to refund ₹ 18.31 lakh already deposited with the ZP. Apropos the request made by the company, the ZP refunded (March 2010) ₹ 17.26 lakh[48] to the company disregarding the terms and conditions of

[48] ₹ 18.31 lakh (Amount deposited with the ZP)/105 days (days remained for toll collection) x 99 days {105 days minus six days (no. of days in which toll was running)} = ₹ **17.26 lakh**.

the tender. But neither the logic of hindrance in collection of rent nor in refund of lease amount was evident from the records of the ZP.

Further, the ZP invited (March and April 2010) re-tender for leasing out the roads and the toll point was running as of July 2010.

Birbhum ZP failed to adduce any reply to audit observation.

This is evident from the facts above that the ZPs tendered undue favour to the lessees in the shape of remission and refund of lease money which resulted in loss of ZPs's rightful revenue of ₹ 88.99 lakh.

PASCHIM MEDINIPUR ZILLA PARISHAD

5.3.6 Unauthorised sanction of ₹ 50 lakh and non-realisation thereof

Paschim Medinipur ZP failed to recover ₹ 68 lakh from Bengal Dairy Limited in the form of principal of ₹ 50 lakh and additional amount of ₹ 18 lakh payable during December 2004 to October 2010 due to negligence in adhering to the agreed terms and conditions

Paschim Medinipur ZP paid ₹ 50 lakh in February 2004 from the Eleventh Finance Commission (EFC) grant to Bengal Dairy Limited in February 2004 to develop infrastructure for dairy activity viz. processing and marketing of milk produced in rural areas by accomodating 500 village level dairy co-operatives, covering more than 50,000 families besides large number of Self Help Groups and unemployed youth in rural areas of the district. The agreement stipulated that the company should repay the principal amount in five years and an annual remuneration of ₹ 3 lakh (commencing from December 2004) till realization of ₹ 50 lakh. In addition, the company should submit utilisation certificate to the ZP within two months i.e. within April 2004 on receipt of the assistance. In the event of non-fulfillment of the terms and conditions, the ZP had the right to take over possession of the mortgaged immovable properties.

Scrutiny revealed that the company neither repaid the principal amount nor the annual remuneration of ₹ 3 lakh till October 2010. The ZP had not monitored the progress of work and did not take any action against the company for non adherence to agreed terms. As a result, the ZP failed to recover ₹ 50 lakh and outstanding annual remuneration amounting to ₹18 lakh payable during December 2004 to October 2010. It was also evident that the ZP did not establish any

control on recovery of assistance even though no utilisation certificate was received from the company within the stipulated period. It was also recorded in the minute of meeting of the company on 6.8.2009 that the members expressed serious concern over the erosion of capital and devolution of losses.

Further, there was no provision in the West Bengal Panchayat Act, 1973 for grant of loan or provision of assistance to any organisation or government department.

The ZP admitted (August 2009, September 2009 and October 2010) the fact.

Thus, the ZP sanctioned ₹ 50 lakh beyond its jurisdiction and non-adherence to terms and conditions resulted in non-recovery of ₹ 68 lakh (₹ 50 lakh *plus* ₹ 18 lakh). Further, recovery of assistance is also remote as the capital fund of the company had been eroded.

5.4 Failure of oversight/governance

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.4.1 Failure in augmentation of revenue of ₹ 12.29 crore

Seventy four PRIs failed to augment revenue of ₹ 12.29 crore due to inertia in collection, non implementation of the bye-laws framed and absence of formal agreement

In terms of Section 133 of the West Bengal Panchayat Act,1973, PRIs may levy tolls on vehicles on any road, bridge, ferry service vested/established by it or under its management. When the assets or properties owned, vested or under the control of panchayat bodies are leased out for fixed revenue, the recoveries for such leased out properties are to be considered as fixed demand and should be recorded in the Demand and Collection Register.

Scrutiny of records of 14 ZPs and 48 PSs during 2010-2011 revealed that the ZPs and PSs could not collect ₹ 11.65 crore (March 2011) on account of rent, salami, lease money and tolls from market complexes, ferry *ghats, Atithi Niwas, Hats* and Stalls constructed for the augmentation of 'own resources' **(Appendix-XXVIII)**. It was also noticed that these PRIs failed to take appropriate action in collection of lease/rent, to execute the terms and conditions of agreement with the tenants and to improve infrastructural facilities to collect dues.

Out of these PRIs, 21[49] PRIs did not maintain Demand and Collection Register.

Scrutiny further revealed that 21[50] PSs framed bye-laws during 2003-09 for augmentation of own source of revenue but failed to collect revenue amounting to ₹ 64.35 lakh due to non-implementation of these bye-laws **(Appendix-XXVIII)**. It had also been noticed that Contai-I, Krishnagar-I, Krishnagar-II, Nayagram, Salanpur and Sitai PSs had not enlisted the contractors working within their jurisdiction despite framing bye-laws.

In Paschim Medinipur ZP, Bankura ZP and Nakashipara PS, rent remained unrealised for 10-13 years. Birbhum ZP (₹ 131.73 lakh) and Nayagram PS (₹ 5.82 lakh), failed to realise the outstanding lease amount after expiry of the lease term and thus suffered a loss of ₹ 1.38 crore either due to absence of any formal agreement with the lessee or due to non-execution of the terms and conditions of the lease agreement. Naoda, Tapan, Chandrakona-II, Alipurduar-II and Manbazar-II PSs leased out *ferry ghats/ hats* and allotted market stalls to tenants without entering into any formal agreement.

When this was pointed out, 13[51] PRIs did not furnish any reply and the remaining PRIs either admitted the facts and figures or stated that steps would be taken for collection of the unrealised revenue.

Generation of revenue is essential to finance the developmental activities planned by the PRIs themselves and assure the benefits of economic progress to the rural poor. The inefficiency in collection of revenue widened the resource gap and reduced the capacity of PRIs to undertake welfare projects for overall sustainable development in the rural areas.

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[49] **ZPs**: Birbhum; Malda; Murshidabad and North 24 Parganas. **PSs:** Alipurduar-II; Bongaon; Chandrakona -I; Haldia; Khandaghosh; Krishnagar-I; Kumarganj; Manbazar-II; Mangalkote; Memari-II; Murshidabad-Jiaganj; Raina-II; Sankrail (Paschim Medinipur); Sitai; Tamluk; Tehatta-I and Tufanganj-I.

[50] **PSs**: Bardhaman-I (₹1.35); Bardhaman-II (₹ 0.42); Beldanga-II (₹ 0.60); Bharatpur-II (₹ 2.58); Bongaon (₹ 13.65); Contai-I (₹ 1.06); Galsi-II (₹ 0.23); Garbeta-II (₹ 0.90); Haringhata (₹ 6.40); Hura (₹ 1.59); Jalangi (₹ 0.91); Kumargram (₹ 1.63); Mangalkote (₹ 7.38); Murarai-I (₹ 0.65); Raghunathganj-I (₹ 8.48); Raina-I (₹ 8.44); Raina-II (₹ 2.03); Rampurhat-I (₹ 0.58); Salanpur (₹ 0.16); Sankrail (₹ 4.61) and Uluberia -II (₹ 0.70).

[51] **ZPs:** Bardhaman; Birbhum; Jalpaiguri and South 24 Parganas. **PSs**: Farakka; Ilambazar; Keshiari; Khandaghosh; Khatra; Naoda; Nayagram; Raina-I and Tapan.

SOUTH 24 PARGANAS AND PURBA MEDINIPUR ZILLA PARISHADS

5.4.2 Lapse of allotment of ₹ 1.15 crore

In South 24 Parganas and Purba Medinipur ZPs allotment of ₹ 1.15 crore meant for water supply works and construction of Veterinary Polyclinic respectively lapsed due to oversight and negligence

(A) Department of Public Health Engineering (PHED), Government of West Bengal allotted ₹ 1.05 crore[52] (October 2008) to South 24 Parganas ZP for onward transmission to respective Panchayat Samitis for sinking, re-sinking, conversion and rejuvenation of tubewells and wells under Rural Water Supply Scheme (RWS) for 2008-09 with the direction that utilization certificates should be submitted within December 2008 showing number of works, number of beneficiaries and expenditure incurred for material costs and labour costs separately. No further fund would be submitted without receiving utilization certificates. Scrutiny of records revealed that the ZP misplaced the allotment order and failed to draw ₹ 1.05 crore from the treasury. The ZP noticed the matter only in September 2009, when it was seen that no fund was available under RWS. The ZP intimated (September 2009) non-drawal of RWS fund to PHED and requested a fresh allotment. The ZP obtained the requisite non-drawal certificate from the treasury in January 2010 and requested (January 2010) PHED to issue a fresh allotment. The ZP had not received the funds till February 2011. Thus, execution of RWS programme in the district suffered badly due to lack of internal control mechanism of the ZP.

The ZP admitted the fact and stated (February 2011) that allotment could not be drawn due to misplacement of the order from the concerned section and also added that they were pursuing the department for fresh allotment.

(B) The Animal Resource Development Department (ARD) sanctioned (December 2007) ₹ 35 lakh in favour of Purba Medinipur ZP for construction of Veterinary Polyclinic against estimate of ₹ 35.95 lakh. Scrutiny of records revealed that the ZP did not draw the allotment from the treasury during 2007-08 but issued work order to the contractor in March 2008 with the stipulation to complete the work within 12 months. In September 2008, the ZP requested the Department to place the fund for execution of work and the Department,

[52] Rural Water Supply Programme: ₹ 0.55 crore; Other expenditure (spot source): ₹ 0.36 crore; Special component for SC/ST: ₹ 0.14 crore.

in turn, sanctioned (March 2009) ₹ 25 lakh for execution of the said work during 2008-09. Meanwhile, the contractor sought extension of time upto March 2010 due to non receipt of claim of executed work of ₹ 10.35 lakh and prayed for revision of estimate due to escalation of rates. The ZP prepared revised estimate of ₹ 53.49 lakh but that was not approved by the Panchayat & Rural Development Department. The ZP's request for further funds was also rejected by the ARD due to non receipt of utilisation certificate of first allotment. The ZP even failed to utilise allotment of ₹ 25 lakh and had not received the balance allotment of ₹ 10 lakh till August 2010.

The ZP stated (August 2010) that ₹ 35 lakh could not be drawn from the Treasury as the Government Order was not received by the Accounts Section.

Thus, the failure of the ZPs to monitor the allocations and lack of internal contol mechanism resulted in lapse of allotment of ₹ 1.15 crore and non completion of veterinary polyclinic and non-execution of much needed water supply works in Purba Medinipur and South 24 Parganas districts respectively.

JALPAIGURI ZILLA PARISHAD

5.4.3 Imprudent investment of ₹ 46.13 lakh and loss of revenue of ₹ 52.66 lakh

Slackness in execution of agreement not only resulted in imprudent investment of ₹ 46.13 lakh but also loss of revenue of ₹ 52.66 lakh

Jalpaiguri ZP entered into an agreement (July 2003) with a developer for the construction of bus stand cum shopping complex. The agreement stipulated that the developer would bear the entire cost of construction and hand over the completed work to the ZP within six months of the agreement, failing which the developer would be liable to pay ₹ 500 to the ZP per day for each day of delay. It was agreed that the developer would recover the construction cost by leasing out 78 *per cent* of the built up area and the ZP would collect the annual lease rent from stall owners. The ZP invested ₹ 46.13 lakh towards purchase and development of land, service connection and repair of road for construction of bus stand cum shopping complex.

The bus stand and market complex consisting of 326 stalls was completed in March 2005 but the developer did not hand over the market complex till July 2011. Scrutiny revealed that the said agreement was not registered in the court of law. As a result, the ZP could not initiate any legal action against the

developer for delay in handing over the asset nor could they impose penalty of ₹ 13.65 lakh[53].

It was also evident from the records that the developer fully leased out his share of 250 stalls but the ZP could lease out (as of July 2011) only one stall out of 76 stalls of its share at a premium of ₹ 0.55 lakh and monthly rent of ₹ 5 per square feet. The rate of premium and monthly rent was revised to ₹ 0.30 lakh and ₹ 2.69 per square feet respectively in January 2009. However, the ZP neither took any steps to lease out the remaining 75 stalls nor did they enter into lease agreements with the leaseholders of the 250 leased out stalls (developer's share) for collection of rent (July 2011). As a result, the ZP suffered a loss of lease rent of ₹ 39.01 lakh[54] during January 2009 to July 2011 from 325 stalls, excluding the loss sustained prior to this period.

Further, in absence of detailed demarcation of the floor area in the agreement, the developer took the better located stalls for making sizeable profit. The location of the ZP's stalls was the main hindrance towards leasing them out.

The ZP admitted the stalemate situation and stated that necessary steps were being taken for disposal of 75 stalls. After being pointed out by Audit, the ZP, citing audit observation, requested (August 2011) the developer to take necessary action for making good the loss of public money.

Thus, the ZP not only allowed the developer freely to choose the location for earning profits on a project in which the ZP invested ₹ 46.13 lakh public money but also failed to claim ownership of 250 stalls. Besides, the ZP lost ₹ 52.66 lakh in the shape of penalty and lease rent due to deviation between agreement and actual execution and also could not earn any revenue from constructed stalls. Instead of initiating action against the developer, ZP preferred to make request to the developer for taking action to mitigate the loss of public money. This also indicates that ZP forayed into joint venture without much preparedness and foresight on their part.

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[53] The project was earmarked for completion (as per agreement) in January 2004. January 2004 to July 2011 = 91 months @ ₹ 0.15 lakh *per* month = **₹ 13.65 lakh.**

[54] Total built up area 46,950 square feet *minus* area of one stall leased out 173 square feet = 46,777 square feet (325 stalls) x ₹ 2.69 per square foot per month x 31 months (January 2009 to July 2011) = **₹ 39.01 lakh.**

PANCHAYAT SAMITIS

5.4.4 Infructuous expenditure of ₹ 26.53 lakh

Before undertaking construction of Bus terminus, paddy processing centre and honey processing plant, the PSs did not prepare project report and ensure availability of land. There was hardly any possibility to get desired benefit even after incurring expenditure of ₹ 26.53 lakh

Tufanganj-II PS undertook construction of Baxirhat Bus Terminus (July 2001) without preparing any project report. The PS expended ₹ 1.75 lakh and ₹ 3.16 lakh (between February 2002 and December 2002) from own fund, fund for Critical Transport Infrastructure Scheme and 12th FC grants towards purchase of land and construction of one tarmac building respectively. Physical verification of the site (December 2007) revealed that the building was water logged and used by unauthorised occupants. Possibility of utilisation of the building was remote due to reluctance of the bus owners. The PS had undertaken (May 2007) construction of "Foodgrain Godown" in its office premises at an estimated cost of ₹ 25 lakh. The work was abandoned after an expenditure of ₹ 5 lakh from SGRY fund and construction upto plinth level. Iron-rods of 24 pillars which were exposed have rusted. Future utilisation would therefore not be possible.

Baruipur PS incurred an expenditure of ₹ 12.39 lakh during 2006-07 towards construction of paddy processing centre and purchase of rice mill machine from SGSY funds on a land owned by Ramkrishna Ashram Trust, NGO and not vested with the PS, as of February 2010. Moreover, no SGSY activities were performed since its construction. Further, the PS also spent ₹ 4.23 lakh for installation of Honey Processing Plant for SGSY groups in August 2005 for production of honey. The machine remained inoperative since January 2006 due to poor production and no response from bee-keepers.

Both PSs admitted the fact (February 2010). Tufanganj-II PS stated (February 2010) that there was hardly any possibility to complete the scheme as SGRY scheme had been closed. It was stated that the structure would be completed and used as Residential cum Training Centre and Community Hall.

The PSs failure to fulfill required formalities like availability of land, preparation of project report and ensuring demand for the completed project before undertaking the works resulted in unfruitful expenditure of ₹ 26.53 lakh.

SOUTH 24 PARGANAS AND PURBA MEDINIPUR ZILLA PARISHADS

5.4.5 Unsatisfactory position of Swajaldhara scheme

Failure in execution of water supply works not only deprived the beneficiaries of safe drinking water but also led to blockade of funds of ₹ 2.25 crore and lapse of committed grants of ₹ 1.86 crore

Government of India (GOI) launched a community based participatory rural drinking water supply project 'Swajaldhara' in 2002-03. Ten *per cent* of capital cost of the project was to be contributed by the community to the implementing agency and 90 *per cent* of capital cost was to be funded by GOI. The project was to be implemented by the District Water & Sanitation Committee (DWSC) under the aegis of Zilla Parishad as District Implementing Agency (DIA) through the Village Water Shed Committee (VWSC)/Beneficiary Group (BG). The DIA was to ensure implementation and management of the project. Second installment of the project would be released after reporting of 60 *per cent* utilisation of the project and beneficiary funds.

A) South 24 Parganas ZP received ₹ 2.29 crore from GOI between December 2007 and March 2009 against sanction of ₹ 3.76 crore for execution of 51 Swajaldhara schemes. The ZP sub-allotted (between December 2007 and January 2009) ₹ 2.62 crore to VWSC for execution of 51 schemes. Audit scrutiny revealed that only 18 schemes (35 *per cent* of total project undertaken) were completed and remaining 33 schemes costing ₹ 1.07 crore remained incomplete as of September 2011. The ZP received Utilisation Certificates (UCs) of ₹ 1.55 crore i.e. 59 *per cent* of total sub-allotment of ₹ 2.62 crore.

Further scrutiny revealed that GOI had decided to discontinue the Swajaldhara scheme since financial year 2006-07 but was committed to extend financial assistance to complete all ongoing projects and the State Government directed (July 2007) to complete all the projects by March 2008. But the ZP, as DIA, could not expedite implementation of the project and also failed to monitor the works executed by VWSC. As a result, the ZP did not receive any grants from GOI since March 2009 and further receipt of committed GOI grants of

₹ 1.09 crore[55] would become remote due to non completion of 65 *per cent* (33 schemes) of total schemes undertaken and UCs were not submitted.

B) Purba Medinipur ZP received of ₹ 4.11 crore of GOI grants during 2007-08 for execution of 43 schemes. Scrutiny revealed that the ZP sub-allotted (between 2007-08 and 2009-10) first installment of ₹ 1.66 crore for 35 schemes. Out of 35 schemes, only eight schemes (19 *per cent* of total sanctioned schemes) received second installment of ₹ 38.21 lakh and no installment was received for remaining eight schemes against GOI sanction of ₹ 0.77 crore. As a result, sub-allotment of ₹ 1.18 crore[56] remained blocked in respect of 27 schemes and the ZP could not receive further GOI allotment of ₹ 0.77 crore due to non-execution of eight schemes.

Further, there was no possibility to receive the funds from GOI as the programme was subsumed under National Rural Drinking Water Programme (NRDWP) from 2009-10.

South 24 Parganas ZP admitted (September 2010 and September 2011) the facts and stated that the VWSC did not adhere to the instructions for completion of the schemes.

Thus, the ZPs not only failed to provide much-needed safe drinking water to the target population but also failed to avail of sanctioned central assistance of ₹ 1.86 crore due to non-completion and non-execution of schemes. Besides, sub-allotment of ₹ 2.25 crore towards 60 schemes stood unfruitful as there was no scope to receive further funds from the GOI as the project had already been discontinued.

5.5 Conclusion and Recommendations

Conclusion

Accounts Rules, orders, manuals and schedules have been issued by the competent authorities to prevent irregularities and excess expenditure. ZPs incurred extra expenditure and also made excess payments due to non-adherence to those instruments issued from time to time. Rural people were deprived from the intended benefits from development grants which remained idle in

[55] Total project cost: ₹ 3.76 crore. GOI share: ₹ 3.76 crore x 90 per cent = ₹ 3.38 crore. Actual released by GOI: ₹ 2.29 crore. Therefore, grants not released by GOI: ₹ 3.38 crore minus ₹ 2.29 crore = **₹ 1.09 crore.**

[56] Total expenditure: ₹1.94 crore minus ₹ 0.76 crore (eight schemes received second installment) = **₹ 1.18 crore.**

the hands of PRIs due to lack of monitoring by the State Government. Lack of proper monitoring, preparation of faulty estimates, defective planning, non-consideration of technical and commercial aspects of the projects by the PRIs rendered various projects inoperative. Moreover, the inefficiencies in collection of revenue widened the resource gap and reduced the capacity of the PRIs to undertake welfare projects for overall sustainable development in the rural areas.

Recommendations

- Strict adherence to safeguard instrumentals should be ensured by the PRIs;
- State Government and PRIs should strengthen internal control mechanism so that service delivery mechanism for rural people get streamlined;
- The PRIs should undertake works after proper planning and consideration of technical and commercial aspects so that intended objectives of the grants could be achieved and
- Incomplete/ongoing works should be given priority for completion before initiating new works from the same source of funds.

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