Chapter 3: Compliance Audit

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (DIGHA SANKARPUR DEVELOPMENT AUTHORITY)

3.1 Working of Digha Sankarpur Development Authority

Digha Development Authority was constituted in 1993 as a Statutory Body under the Urban Development Department. Consequent upon inclusion of Sankarpur in its jurisdiction in September 2003, it was renamed as Digha Sankarpur Development Authority (DSDA). As of March 2017, a total 17,220.04 acres of land spread over 51 *mouzas*[1] of Digha and Sankarpur in Purba Medinipur district was the "Planning Area" under its jurisdiction. It included 1,127.53 acres of land acquired by DSDA. Out of its planning area, it also had 8,752.62 acres of land in 42 *mouzas* adjoining to the coast of the Bay of Bengal. Objectives of DSDA included (i) preparation of development plan and (ii) undertaking projects and schemes for the entire planning area to develop Digha and Sankarpur as an attractive beach destination for tourists.

DSDA[2] functions under the administrative control of Urban Development & Municipal Affairs Department[3]. Its activities are managed by a Board constituted by the State Government as per provisions of Section 11 of the West Bengal Town and Country (Planning and Development) Act, 1979 (WBTCP Act). The Executive Officer (EO), who is the Member Secretary of the Board, supervises activities of DSDA. There are four wings *viz*. Engineering, Planning, Administrative and Accounts wings under DSDA. The EO is assisted by engineers in their respective fields.

Working of DSDA was subjected to audit between January and April 2017 encompassing a period from 2011-12 to 2016-17. Records of the Urban Development & Municipal Affairs Department (UD & MA) and DSDA were test-checked. The objectives of audit was to examine whether

- Planning for development of the area was effective;
- Schemes taken up for infrastructure development were appropriate. These were executed keeping in view development of sea-side tourist destination at Digha and adjoining areas;
- Coastal zone rules and regulations had been complied with in course of development of the area;
- Financial management was prudent and
- Internal controls were adequate and functioning of DSDA was adequately monitored.

For assessing the performance of the DSDA, the criteria used were sourced from

- Norms and procedures laid down in the West Bengal Town and Country (Planning and Development) Act, 1979;

[1] *Mouza is a land area consisting of one or more village/ settlement for administrative purpose.*
[2] *Established under the West Bengal Town and Country (Planning and Development) Act, 1979.*
[3] *Erstwhile Urban Development Department has since been merged with Municipal Affairs Department in December 2016.*

- Guidelines of individual schemes framed by Government of India (GoI)/ Government of West Bengal (GoWB) and executed by DSDA;
- Acts and rules relating to environment (*viz*. Environment (Protection) Act 1986, Coastal Regulation Zone (CRZ) Notification 2011);
- Public Works (PW) Code and
- Development Authority (Audit & Accounts) Rules, 1981 (DA Rules).

Audit Findings

3.1.1 Financial management

The main sources of funds of DSDA included grants/ subsidy from the State/ Central Government for different development schemes and loans from State Government. Besides, DSDA earned revenue from sale proceeds/ lease rent of land, shops, etc. and by levying various charges/ fees[4]. The summarised position of total income and expenditure of DSDA during 2011-12 to 2016-17 was as shown in **Table 3.1**.

Table 3.1: Income and expenditure of DSDA during 2011-12 to 2016-17

(₹ in lakh)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Surplus brought forward from last year	0.00	46.51	334.20	759.02	845.31	963.00
Total Income	408.16	645.51	787.96	576.54	670.37	1,383.01
Total Expenditure	361.65	357.82	363.14	490.25	552.68	903.19
Accumulated surplus	46.51	334.20	759.02	845.31	963.00	1,442.82

Source: Annual Accounts of DSDA

Non-preparation of annual budget: According to Section 110 of the WBTCP Act read with Development Authority Rules, DSDA was to submit budget to the State Government for the next financial year on or before 1 November every year, showing the estimated income and expenditure in prescribed forms.

It was, however, noticed that DSDA did not prepare annual budget for the years 2011-12 to 2016-17. All development schemes were taken up on the basis of availability of funds from the State Government.

The DSDA replied that the administrative department prepared a provisional budget mainly on the basis of current year's expenditure. The reasons for absence of submission of specific budget provision by DSDA, was, however, not on record.

3.1.2 Developmental Plan: Land Use & Development Control Plan (LUDCP)

Under Section 31 of the WBTCP Act, every Development Authority should within two years of declaration of planning area and with the approval of State Government, prepare Land Use & Development Control Plan (LUDCP).

[4] *Sale of forest products/ wood, stalls, development charges, tourist civic amenities charges, penalty of plot, room service, fees & subscription (from parking, catering unit, lavatory, picnic spot, stall & plot transfer, hoarding, Government library, boating & entry fees from park), rent of guest house & land, interest from savings account, term deposits, etc.*

The objective was formulating the policy and the general proposal in respect of the development of land and indicating broadly the manner[5] in which the land is proposed to be used.

It was observed that out of total 17,220.04 acres (51 *mouzas*) of land under the planning area, DSDA had prepared LUDCP only for 8,752.62 acres (51 *per cent*) covering 42 *mouzas*. This was approved (March 2001) by the UD Department. The LUDCP for the remaining area of 8,467.42 acres (nine *mouzas*) was not firmed up as of August 2017 even after lapse of over five years from the dates of notification. Assessment and identification of areas available for various development works were thus restricted to that extent leaving possibilities of unplanned growth in its planning area.

Out of the total available funds of ₹ 38.62 lakh meant for preparation of LUDCP, DSDA utilised ₹ 25.73 lakh (66.62 *per cent*) during 2010-11 to 2015-16. The balance amount of ₹ 12.89 lakh (33.38 *per cent*) had been parked in the personal deposit account (maintained in Treasury) as of March 2016. However, the preparation of LUDCP of the remaining nine *mouzas* was not finalised as of August 2017.

In reply, the DSDA authority stated that the LUDCP could not be prepared as the classification of land and demarcation of High Tide Line, Low Tide Line and Hazard Line had not been finalised. The reply was not tenable as nothing was forthcoming from the records to indicate that adequate steps were initiated for finalisation of the LUDCP for the remaining *mouzas*.

3.1.3 Activities under Integrated Coastal Zone Management Plan (ICZMP)

GoI sanctioned (June 2010) a world bank assisted pilot project 'ICZMP' for West Bengal at a cost of ₹ 65.25 crore which was subsequently revised to ₹ 77.44 crore. The objective was to achieve sustainable development of coastal and marine areas by preserving and protecting the biological diversity of coastal ecosystem. The project was to be implemented during April 2010 to March 2015. The aim of the project was to attract tourists and boost the economic condition of the local people without any adverse effect on the environment. ICZMP components like (i) Solid Waste Management (SWM), (ii) Development of Drainage System (DDS), (iii) Beach Cleaning & Sanitation, (iv) Beach Beautification & Illumination and (v) Livelihood Generation were selected for implementation by DSDA.

3.1.3.1 Incomplete Storm-water Drainage System

There was no comprehensive storm water drainage system[6] at Digha-Sankarpur area. Drains, constructed to flush out excess water during high tides, had also carried sullage[7]. Due to this, polluted water was ultimately discharged into the sea. To upgrade the existing drainage system, DSDA

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[5] *Such as residential, industrial, commercial, agriculture, natural scenic beauty, forest, wild life, natural resources, fishery, landscaping for public and semi-public open space, parks, playgrounds, water bodies, etc.*

[6] *Storm water is the excessive quantity of surface water that flows over the ground consequent upon rainfall, which may cause flood in the area thereby causing damage to life or property. The storm water drainage system helps prevent floods by diverting these surface water into nearby waterways.*

[7] *Waste water from household excluding waste liquid or excreta from toilets.*

took up (June 2010) the work of covered storm water drainage system at Digha at a cost of ₹ 41.40 crore under ICZMP. Initial DPR was prepared by West Bengal Consultancy Organisation Ltd. It was approved by Institute of Environmental Studies and Wetland Management (IESWM), an institute under the Environment Department working as the State Project Management Unit for ICZMP, West Bengal. A private concern, I-Win Advisory Services Ltd., was supervising the implementation of the project on behalf of the Institute.

As of March 2017, the authority could execute drainage works of 20 km. at a cost of ₹ 26.22 crore out of targeted length of 41 km. The balance work could not be completed even after lapse of six years from initiation of work. This was due to non-availability of free work fronts due to unauthorized encroachment. Further, the design of the drain had no provision for routine cleaning of silt and sediments. An unsuccessful demonstration[8] (November 2013) on cleaning of drain made it evident that the cleaning would never be possible without using costly machinery. The drains and covers, moreover, were hazardous to pedestrians. No efforts, however, were found to be taken by DSDA as of April 2017 either to arrange for cleaning machineries or for corrective action.

During physical verification (April 2017) by Audit conducted jointly with DSDA officials it was observed that:

- The drainage works were segregated in seven zones. The works had been carried out intermittently, where sites were available for construction. The drains were not connected to the outfalls.
- In four[9] zones, drains were constructed along the middle of the road. The perforated holes on the concrete cover slabs, for passing of water to the drain, were found blocked/ chocked by mud, sand and vegetative growth.
- In two[10] zones, the cover slabs were laid above the level of the existing road. This rendered the construction works unfruitful, as it could not drain out the storm water.

The polluted sewerage continued to be discharged into the sea, as the drainage work was incomplete. Chemical analysis of sea water conducted (August 2016) by West Bengal Pollution Control Board (WBPCB) revealed that the water had become alkaline and had an irritating effect on the skin. Further, the Total Suspended Solids[11] value had been increased from 22 in August 2010 to 232 in April 2016. This had an adverse impact on the aquatic life. The level of Dissolved Oxygen[12] in water had been decreased from six (in July 2014) to 1.80 in January 2016 putting aquatic life in stress.

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[8] *Organized in presence of contractors, consultants and representatives of the State Project Management Unit*

[9] *Zones 1 to 4*

[10] *Zones 3 and 4*

[11] *Total Suspended Solids (TSS) include particles suspended in water, which will pass through the filter. For clear water TSS< 20 mg./ lt., TSS between 40 and 80 mg./ lt. represents cloudy water, while TSS > 150 mg. /lt. usually denotes dirty water.*

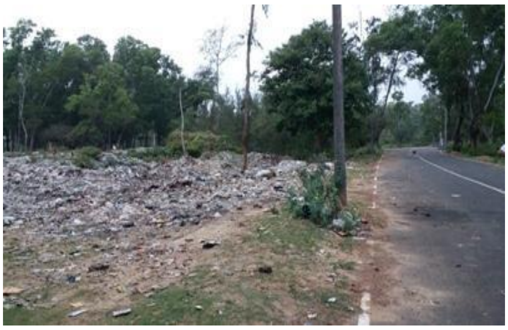
[12] *Dissolved Oxygen is the amount of gaseous oxygen dissolved in the water.*

Polluted water discharging into the sea near Jagannathghat temple at Old Digha

Stagnant water inside the incomplete storm water drain near New Digha (Jatra Nala)

3.1.3.2 Non-implementation of Solid Waste Management (SWM) Project

Digha-Sankarpur was visited by 3.15 crore tourists during the period 2012-17[13]. It had developed into a major coastal tourism hub. As per a survey[14] (August 2013), out of an average daily waste of 15 Tonnes Per Day (TPD) generated in the DSDA area, 3.36 TPD was disposed of in the open dumping site near Jatranala adjacent to the sea. An Integrated Solid Waste Management Project, at an estimated cost of ₹ 9.22 crore, was sanctioned (June 2010) under World Bank assisted ICZMP. It covered the source segregation, collection, transportation, processing and scientific disposal of waste. The cost of operation & maintenance (₹ 2.16 crore *per annum*) of the project was to be borne by DSDA. The project was not implemented by DSDA for want of funds for operation and maintenance. As a result, waste was dumped on the coast which led to environmental hazards.



Solid wastes dumped at Jatra Nala near sea

Solid wastes dumped roadside at Jatra Nala near sea at New Digha

3.1.3.3 Unfruitful expenditure on Hawkers' Kiosk at Old Digha

DSDA took-up (March 2013) a project of Integrated Beach Front Development consisting of various development components[15] at a total expenditure of ₹ 10.30 crore. It was observed that DSDA had incurred an expenditure of ₹ 7.63 crore as of March 2017.

The scope of work included construction of 56 Hawkers Kiosks, which was completed at a cost of ₹ 1.14 crore. After construction of Kiosks, the

[13] *Upto June 2016*

[14] *Done by Credit Rating Information Services of India Limited Risk and Infrastructure Solutions Ltd. for Integrated Solid Waste Management at Digha.*

[15] *(i) Development of Vendor Rehabilitation (including Hawkers' Kiosks), (ii) Children's park & landscaping at Old Digha near Kalyan Kutir opposite Saikatabas, (iii) Development of Vendor Rehabilitation at New Digha and (iv) Landscaping of Jagannath Mandir Ghat near Marine Aquarium.*

Government decided (December 2014) to shift[16] these Kiosks to make provision for sitting arrangements and gardening. Accordingly, the Kiosks were shifted (November 2015) at an expenditure of ₹ 39.71 lakh. No survey/ feasibility study regarding demand of stalls at the new location, was, however, conducted before shifting of the kiosks.

Audit scrutiny showed that out of 56 Kiosks, only 13 were distributed. The remaining 43 Kiosks were lying undistributed as of April 2017 for lack of demand.

Thus, the purpose of hawkers' rehabilitation in Old Digha remained largely unachieved even after an expenditure of ₹ 1.54[17] crore due to unplanned shifting of site. In its reply, the authority stated (May 2017) that the rest of the stalls would be distributed shortly. However, prospect of the same appeared bleak as the hawkers had not shown any interest to shift to these new stalls.

3.1.3.4 Idle expenditure on construction of shops at New Digha

DSDA constructed (February to November 2015) 30 single storied shops at an expenditure of ₹ 45.64 lakh for rehabilitation of hawkers. It was observed that none of these shops were distributed among the vendors as of April 2017 for reasons not on record. Thus, the expenditure remained idle for more than 17 months. In reply, DSDA stated that the stalls would be distributed shortly.

3.1.3.5 Unfruitful expenditure on installation of water supply pumps

CRZ Notification, 2011 prohibits drawal of ground water and related construction within coastal areas with the following exceptions:

(i) In the areas inhabited by local communities and only for their use;

(ii) In the areas between 200 meters and 500 meters of High Tide Level, the drawal of ground water shall be permitted only when done manually through ordinary wells for drinking, horticulture, agriculture and fisheries and where no other source of water is available and

(iii) It can be tapped only with the concurrence of the State Ground Water Board.

Public Health Engineering Department (PHE Department) sanctioned (October 2013) 'Mandarmoni and adjoining *mouzas* Water Supply Scheme' for supply of piped potable drinking water to six *mouzas* of Ramnagar-II Block. This was to cover a design population[18] of 9,000 (fixed) and 7,000 (floating) including 5,000 fishermen at an expenditure of ₹ 3.42 crore. The scheme was executed by the PHE Division, Tamluk. The completed work included (i) sinking of two ground tube wells, (ii) construction of one concrete overhead reservoir, (iii) installation of one Pump House and (iv) 85 *per cent* of distribution of pipeline (out of total executable length of 26.635 km.) at a cost of ₹ 2.17 crore. Neither DSDA nor the PHE Division had sought approvals from West Bengal State Coastal Zone Management Authority (WBSCZMA), though the scheme was executed in CRZ. Even the No-Objection Certificate (NOC) of the State Ground Water

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[16] *From the site near Saikatabas to Bay-Café side at western side of 1st Ghat/ Jagannath Ghat Sea approach road.*

[17] *₹ 1.14 crore + ₹ 0.40 crore*

[18] *Design of water supply and sanitation scheme is the projected population of a particular coverage area, estimated for the design period.*

Board had not been obtained for drawal of water from CRZ area. As a result, the Honorable National Green Tribunal, Eastern Zone had imposed (May 2016) an injunction on any further construction in the area. Hence, the work had been lying incomplete since May 2016.

Thus, violation of stipulations prescribed under the CRZ Notification, 2011 led to an unfruitful expenditure[19] of ₹ 2.17 crore on a water supply scheme in CRZ area.

3.1.4 Deficiencies in collection of revenue

In course of scrutiny in audit, it emerged that there were deficiencies in the collection of revenue, as explained in **Table 3.2**.

Table 3.2: Instances of deficiencies noticed in collection of revenue

Sl. No.	Category of revenue to be collected	Audit Criteria	Findings in audit	Audit Comments
1	Short-charging of transfer fees against sub-lease of land	As per notification[20] issued by the UD Department in November 2010, the Development Authorities were to charge fees against allowing permission for transfer of land on sub-lease, subject to a ceiling of ₹ 30,000 per *cottah* or one-fourth of the market value of land whichever was higher.	DSDA had allowed 40 cases of transfer or sub-lease of land during 2012-13 to 2016-17 (up to January 2017) involving 32 plots of land. DSDA had charged less than the stipulated minimum amount (*i.e.* one-fourth of the market value certified by the Additional District Sub-Registrar (ADSR), Ramnagar, Purba Medinipur) as transfer fees in contravention of the notification. Against the minimum chargeable transfer fee of ₹ 10.17 crore in those 40 cases of sub-lease, DSDA had collected only ₹ 4.62 crore. This resulted in a loss of revenue of ₹ 5.55 crore.	The authority, in reply, stated that the prescribed procedure was followed since October 2016. However, the reply was not tenable as deviation was observed in January 2017 also.
2	Loss of revenue due to non-collection of Tourist Civic Amenities Charges (TCAC)	As per provisions of the WBTCP Act, 1979 and Gazette Notification (September 1995), DSDA was to collect TCAC from tourists (occupying rooms at Hotels/ Lodges/ Guest houses) within jurisdiction of DSDA.	Records of Tourism Department showed that 3.15 crore tourists visited Digha-Sankarpur during the period from 2012-13 to 2016-17 (up to December 2016). An amount of ₹ 25.16 crore was to be collected from those tourists. However, only ₹ 2.47 crore was collected as TCAC resulting in loss of revenue of ₹ 22.69 crore.	The authority attributed (April 2017) the same to dearth of manpower and lack of infrastructure for collection of revenue. The reply was not tenable as nothing was on record to indicate that adequate initiatives were taken to address the issue.
3	Loss of revenue due to non-collection of development charges at enhanced rate	Under Section 102 and 103 of the WBTCP Act, 1979 as amended from time to time, Development Authorities were to impose and collect development charges in respect of Planning Areas under its jurisdiction. The development charges were to be levied upon	The rates of development charges were revised from time to time by the Department. The last revision of rate was done by the UD Department in September 2008. DSDA, however, felt that the new rate was exorbitantly high and continued to levy development charge at older rate (fixed in August 2005). In October 2011 and later in October 2015, DSDA appealed to the UD Department for reduction of rate, which had not been acceded to by the department.	The authority had voluntarily foregone possible revenue of ₹ 1.20 crore ignoring order of the Government.

[19] *Includes committed liability of ₹0.97 crore*

[20] *Notification no. 3930-UD/O/MLA-11/2010 dated 23.11.2010*

Sl. No.	Category of revenue to be collected	Audit Criteria	Findings in audit	Audit Comments
		the persons or body carrying out any development work or change in nature of use of any land under Authorities' area.	Test-check showed that in 291 cases pertaining to the period 2011-12 to 2016-17 (February 2017) authority had collected an amount of ₹ 1.38 crore at the old rates against ₹ 2.58 crore leviable at new rates. This resulted in short-realisation of ₹ 1.20 crore.	
4	Loss due to non-collection of sanitation charges	In order to meet the expenditure incurred on conservancy services[21] in Digha/ Sankarpur/ Mandarmoni having no municipality/ corporation, DSDA proposed (July 2014) the Department of Urban Development for levy of Civic Amenities Charges (sanitation charges) at the rate of ₹ 50 per room per year from the owners of hotel within the DSDA area.	The Department approved the said proposal in August 2014. DSDA, however, did not collect the sanitation charges from the hotels till March 2017 for reasons not on record. No efforts were taken to collect the sanitation charges though DSDA engaged a private agency for collection of TCAC on commission basis. It was seen that there were 582 hotels (509 in Digha-Sankarpur and 73 in Mandarmoni) consisting 10,433 rooms under the jurisdiction of DSDA. Thus, ₹ 5.22 lakh (10,433 rooms x ₹ 50 per room per year) could have been earned annually since September 2014.	In reply, the authority stated that the sanitation charges would be collected on completion of Sewerage Treatment Plant (STP). The reply was not tenable as records did not indicate the inter-relation between the collection of sanitation charges and completion of STP.
5	Loss of revenue on leasing out of a tourist lodge	The authority decided (December 2014) to lease out "Saikatabas" tourist lodge at Digha including its catering unit.	The Authority floated (May 2015) online notice of Expression of Interest. However, no response was received. Resultantly, second call was made (June 2015) against which four[22] bidders had participated with highest bid price of ₹ 1.25 crore per year offered by Agency A[23]. DSDA, however, cancelled (June 2015) the tender on the plea of "unavoidable circumstances" without citing any specific reason. In July 2015, the authority fixed the reserve price at ₹ 1.50 crore and called for (September 2015) the tenders for the third time. This time, only two bidders responded, highest bid price being ₹ 1.10 crore per year offered by Agency B[24]. The contract was awarded to the highest bidder (Agency B) for an initial period of one year for 2016-17, renewable for another two years.	The specific reason for cancellation of the second tender, which had fetched the higher offer (of Agency A), was not intimated to Audit though called for. It indicated lack of transparency in the process. Thus, cancellation of the second bid for reasons not on record resulted in annual loss of revenue of ₹ 15 lakh. The authority stated that the highest bid in second call was below the reserve price. The reply was not tenable as the reserve price of ₹ 1.50 crore was fixed (July 2015) after cancellation of the second bid. Moreover, authority accepted the third bid offer well below the reserve price.

Source: From the records of DSDA

[21] *Civic services like street lights, water supply, cleaning of roads, drains, sanitation, etc.*
[22] *1. Apanjan Hotels Pvt. Ltd., 2. Gitanjali Hotel & Restaurant, 3. Punjab Sweets Hotel & Restaurant and 4. Maa Debi Chandi Hotel-cum-Restaurant.*
[23] *Maa Debi Chandi Hotel-cum-Restaurant*
[24] *Punjab Sweets Hotel & Restaurant*

3.1.5 Miscellaneous issues

3.1.5.1 Wasteful expenditure on installation of LED Display Boards

DSDA installed two Light-emitting Diode (LED) Display Board at Digha in March 2015 at a cost of ₹ 14.54 lakh for the convenience of the tourists. Neither of the boards functioned for even a single day since installation. It was further observed that out of the two boards, one installed at Old Digha had been destroyed. DSDA invited (September 2014) tenders for repair and leasing out of the display board installed at New Digha for commercial purposes; but, no agency had put forth their bid.

Thus, the expenditure of ₹ 14.54 lakh on installation of display boards remained unproductive. In reply, the authority stated that it was mainly due to saline weather of the area that the display boards became non-operational.

The reply was not tenable as the issue of saline weather was not contemplated prior to installation of the board. It indicated planning deficiency on the part of DSDA.

3.1.5.2 Installation of Decorative Street Light without tender formalities

As per instruction of Finance Department issued in June 2012, open tender should invariably be invited for the supply of articles or stores or for execution of works and services worth ₹ 1 lakh or more.

Scrutiny of records showed that the authority had undertaken (December 2011) the work "Decorative Street Light Arrangement from Digha By-Pass to New Digha sea beach" at an estimated cost of ₹ 51.14 lakh. The work, was, however, awarded (December 2011) to a contractor without inviting open tenders.

In reply (April 2017), the authority stated that the authority would adhere to financial norms/ provisions in future.

3.1.5.3 Encroachment of DSDA land

Review of records revealed that for the purpose of WBTCP Act, the "Planning Area" under the jurisdiction of DSDA was spread over an area of 17,220.04 acres (in 51 *mouzas*) as of March 2017. Out of this Planning Area, 1,127.53 acres was acquired by DSDA. Out of the acquired land, DSDA failed to take physical possession of 28.503 acres of land, as the same was encroached upon by unauthorised occupants. There was no record to show any effort of DSDA to take administrative measures to prevent/ remove encroachment therefrom. In reply (April 2017), the authority stated that efforts would be taken to evict the unauthorised occupants.

3.1.6 Conclusion

Audit of activities of the Digha Sankarpur Development Authority has highlighted various deficiencies. Lack of initiative on the part of the authorities in tapping the possibilities for enhancing its revenue was apparent. There were instances of idling of assets, especially newly constructed shops meant for rehabilitation of vendors. It was indicative of deficient planning.

As the Digha Sankarpur Planning Area fell under the Coastal Regulation Zone, various restrictions on development activities were in place. Instances, were, however, noticed where DSDA implemented various developmental and infrastructural activities without requisite approval from appropriate authorities. Incomplete Storm Water Drainage System and non-implementation of Solid Waste Management project resulted in discharge of contaminated water into the sea and open dumping of waste on the coast.

The matter was referred to Government in July 2017; reply had, however, not been received (February 2018).

HEALTH & FAMILY WELFARE DEPARTMENT

3.2 Implementation of Rashtriya Swasthya Bima Yojana in West Bengal

Government of India (GoI) introduced[25] 'Rashtriya Swasthya Bima Yojana (RSBY)' from 2008-09 to provide health insurance cover to Below Poverty Line (BPL) families. The beneficiaries under RSBY were entitled to hospitalisation coverage up to ₹ 30,000. The coverage extended to a maximum of five members of the family. The family included the head of the household, spouse and up to three dependents. The Government fixed the package rates for the hospitals for various interventions.

The scheme: To provide health insurance coverage, State Government selected one or more health Insurance Companies (ICs) on a periodical basis through tenders. The ICs were required to empanel sufficient number of Government and private health providers/ hospitals, so that beneficiaries need not travel far. The premium amount was to be shared by the GoI and the State at 60:40 ratio (75:25 prior to 2015-16). The empanelled hospitals, after rendering free treatment to the patients, were to prefer the claim to the IC/ Third Party Administrator (TPA). The claims were to be settled within 30 days. The beneficiary had to pay a one-time fee of ₹ 30 at the time of enrolment. Apart from this, the Central Government also paid ₹ 60 per beneficiary as the cost of card.

Organisational set-up: In West Bengal, the scheme was first implemented by the Labour & Employment Department. From September 2013, it was transferred to the Health & Family Welfare (H&FW) Department. The State Nodal Agency (SNA) was responsible for implementation of RSBY in the State. The SNA was headed by the State Nodal Officer (SNO)[26], who was also the Secretary, H&FW Department.

Audit coverage: The audit of "Implementation of RSBY in West Bengal" was conducted during January to June 2017 covering the period 2012-17. The records of SNA, RSBY and District Nodal Officers (DNOs) of six districts[27] were test-checked. Audit team also visited some Government hospitals and Private Nursing Homes empanelled for RSBY in the test-checked districts. The audit findings are discussed in the following paragraphs.

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[25] *The scheme was originally introduced by the Ministry of Labour & Employment, Government of India, wherefrom the responsibility of carrying out the scheme was shifted to the Ministry of Health & Family Welfare with effect from April 2015.*

[26] *The State Nodal Officer (SNO) was assisted at the district level by the Additional District Magistrates, designated as District Key Managers (DKMs). The DKMs were in turn assisted by the District Nodal Officers (DNOs). At Gram Panchayat/ village level, the Accredited Social Health Assistants (ASHAs) were nominated as Field Key Officers (FKOs). They were to visit each enrolment station jointly with the IC representatives for identification and enrolment of beneficiaries and issue of Smart cards.*

[27] *Bardhaman, Murshidabad, Uttar Dinajpur, Dakshin Dinajpur, Paschim Medinipur and Jalpaiguri selected through random sampling method. The district of Alipurduar was created from 25 June 2014 after bifurcation of Jalpaiguri district. RSBY operations for the new district were continued from the Jalpaiguri for some time even after its bifurcation.*

Audit Findings

3.2.1 Coverage of beneficiaries

As of June 2017, the GoI considered i) the people belonging to the Below Poverty Line (BPL), ii) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) Job Card Holders and iii) Handloom Weavers (from 2016-17) as eligible beneficiaries under the RSBY scheme in West Bengal. As per the guidelines of RSBY as well as the agreements executed between the Insurance Companies (ICs) and the SNA, enrolment of the beneficiaries was to be undertaken by the ICs. During the enrolment period, the ICs were to enrol and issue Smart cards to the BPL beneficiaries with the help of Accredited Social Health Assistant (ASHA) workers. The enrolment was to be done at the enrolment station/ village level based on the soft data on beneficiaries provided by the SNA. Further, the enrolment process was to continue at the designated centres even after the enrolment period was over to provide smart cards to the remaining beneficiaries. The enrolment process was to be repeated every year. The ICs in consultation with the State Government/ Nodal Agency were to chalk out the enrolment cycle up to the village level. During enrolment, a Government official was to identify the beneficiaries in presence of the insurance representative.

Scrutiny of records of the District Nodal Offices of the six test-checked districts as well as State Nodal Agency (SNA) relating to enrolment of RSBY beneficiaries during 2012-17 indicated the following:

3.2.1.1 Progress in enrolments

The main objective of the scheme was to i) provide the enrolled beneficiaries with a health insurance cover and ii) to protect them from the financial shocks arising out of emergency medical situations. This meant that adequate coverage of beneficiaries through enrolment was a top priority.

Audit scrutinised the records and the following came to notice.

Table 3.3: Status of enrolment in test-checked districts

Sl. No.	Audit findings
1	No enrolment was done in three municipalities[28] in Bardhaman district by the National Insurance Company for the policy period subsequent to April 2014. Consequently, 71,251 beneficiaries were deprived of the intended benefits of the scheme.
2	In Jalpaiguri District, three blocks[29] had registered substantially low enrolment percentage (31 to 35 *per cent*) for the policy period subsequent to March 2015. DNO, Jalpaiguri attributed the low enrolment to old database, lack of adequate service providers and non-availability of private hospitals with adequate facilities. It was further informed that this led to lack of interest among the beneficiaries in the scheme.
3	In Murshidabad district, the TPA (who was to act as an intermediary) engaged for the enrolment works, failed to work in a proper and systematic manner[30]. As such, higher rate of enrolment was not achieved. Further, sufficient number of enrolment kits were not provided. It was found that majority of the kits had technical problems.

Source: Records of concerned DNAs

[28] *Jamuria, Asansol and Raniganj.*

[29] *Raiganj (30.94 per cent), Moynaguri (34.92 per cent) and Sadar (34.87 per cent).*

[30] *Through preparation of enrolment plan/ conducting Information Education Communication (IEC) activities/ ensuring authentic identification of beneficiaries during enrolment, etc.*

3.2.1.2 Discontinuation of enrolment process for various periods

Under RSBY, enrolment of beneficiaries was to be carried out as a continuous process. As per RSBY guidelines and the last Memorandum of Understanding (MoU) signed between the SNA and Insurers, the period of insurance contract was for three years, subject to yearly renewal. In the test-checked districts, the last round of enrolments concluded during March 2014 to February 2015. However, after the end of the respective original policy periods[31], all the contracts were extended up to March 2017 on *pro-rata* premium basis. This resulted in stopping of fresh enrolments in the test-checked districts for various periods ranging upto three years (from May 2014) in anticipation that a new scheme would be introduced.

In reply, SNA, RSBY stated (March 2017) that no further enrolment was allowed by GoI after March 2015, as it was decided by GoI to roll out a new scheme in place of RSBY. It was further stated that GoI had not permitted SNA to go for new enrolment following selection of new ICs. The reply was not acceptable as the SNA had not given any specific proposal to GoI for conducting fresh enrolment. Further, in a meeting regarding status of implementation of RSBY held (February 2016) between the GoI and the States, fresh enrolment was permitted by GoI for the existing approved categories of RSBY for auto renewal.

Moreover, GoI directed (April & May 2017) the GoWB to continue with the selection of ICs as well as fresh enrolment of beneficiaries under RSBY on expiry of the RSBY policy on 31 March 2017. GoWB selected National Insurance Company and New India Assurance Company as IC for 14 districts and seven districts respectively from May 2017 through e-tender. The newly selected ICs commenced operation in 13 districts. However, new enrolment was not started.

The SNA, RSBY later stated (June 2017) that every endeavour was being taken to prepare the list of beneficiaries based on the eligibility criteria of RSBY. Once the list was finalised, new beneficiaries would be enrolled shortly.

3.2.1.3 Non-extension of the coverage of RSBY to new categories of beneficiaries

GoI, since the introduction of RSBY in 2008-09, had extended the benefits of the scheme to other categories of people as well. The categories included street vendors, *beedi* workers, domestic workers, building and other construction workers and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) workers. In July 2013, GoI decided to further extend the coverage to some other categories[32]. Detailed guidelines for extension of the coverage *viz.*, identification, registration and funding pattern were spelt out.

For closer co-ordination, State Level Implementation Committee (SLIC) was constituted (December 2013) with representatives from various line

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[31] *During March 2015 to February 2016*

[32] *Rickshaw pullers, rag pickers, mine workers, sanitation workers and auto rickshaw/ taxi drivers.*

departments[33]. Apart from the first meeting[34] in May 2014, no subsequent meeting of SLIC was convened. These categories of beneficiaries were not covered under the scheme till the date of audit (May 2017).

In reply, SNA stated that due to non-submission of relevant database within the stipulated time by the concerned departments, those categories were not included as beneficiaries of the scheme. The reply was indicative of laxity of the line departments coupled with failure of the SNA to follow up the matter effectively. As a result, extension of health security cover to other marginalised categories of unorganized workers was not achieved.

3.2.2 Information Education Communication (IEC) activities

3.2.2.1 Inadequate IEC activities by the ICs

The IEC activities aimed at generation of awareness among various categories of targeted groups of beneficiaries prior to enrolment rounds. The District Key Managers (DKMs) concerned were to ensure effective IEC activities by the ICs and extend all possible support in this regard.

As per the Operational Manual for RSBY, the IC should ensure that the beneficiaries were made aware of benefits of the scheme adequately[35]. As per the agreements with State Nodal Agency, the ICs were to prepare and implement a communication strategy in consultation with SNA. The Insurers were also required to share a draft IEC plan with the Nodal Agency within 15 days of signing of the contract.

Scrutiny of RSBY records in the test-checked districts showed that no such IEC plan had been forwarded by the ICs to the District Key Managers (DKMs). Further, no detailed year-wise IEC micro-planning had been shared with the DKMs.

During extension of policy period[36], GoI directed[37] the State to ensure that the respective ICs had conducted adequate IEC activities regarding extension of policy periods. A certificate in this regard was to be submitted by the State, while submitting requests for release of the Central share of the premium. Records of test-checked private (18) and Government (16) hospitals showed that no IEC activity was undertaken by the respective ICs in the hospital premises during the audit period. There was nothing on record to indicate any action initiated by the DKMs for laxity of the ICs.

There were no records available at the State/ district level regarding IEC activities undertaken by the ICs during the period of audit. As such, how the RSBY authorities satisfied themselves of the adequacy of IEC activities undertaken by the ICs, could not be ascertained in audit.

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33 *Health & Family Welfare, Labour, Panchayat & Rural development and Transport & Municipal Affairs departments.*

34 *As a pilot for convergence in implementation of Major Social Security Schemes for Unorganised Workers in West Bengal.*

35 *Through village level meetings, wall paintings, display of IEC materials, house-to-house distribution of leaflet/ slip in vernacular, loudspeaker announcement, etc.*

36 *i.e. while extending the policies beyond the original period on pro-rata premium basis up to March 2017 (as discussed in para 3.2.1.2).*

37 *March 2015, September 2015 and March 2016.*

3.2.2.2 Irregularities in supply of IEC materials to the districts

For successful implementation of any scheme, effective dissemination of relevant information to the target group forms an essential component. In June 2012, State Nodal Agency[38] decided to distribute banners, posters, etc. to relevant administrative institutions, hospitals, offices and nodal points of interior areas of each district. A private agency was selected through tender for supply of materials[39] for IEC activities under RSBY in different districts. Accordingly, 88,924 banners (General Banner, Response Elicit Banner, MGNREGA Banner) and 63,00,520 stickers worth ₹ 4.43 crore were supplied by the agency. These were forwarded to 15 different districts of West Bengal. Scrutiny of records of the offices of the SNA and the DNOs in the test-checked districts revealed the following:

- ***Non-printing of posters:*** Posters envisaged to be supplied to different institutions[40] for effective IEC activities were not printed at all.
- ***Non-supply of material to Dakshin Dinajpur:*** No IEC material was forwarded to Dakshin Dinajpur district. The DNO, Dakshin Dinajpur also confirmed this.

In reply, SNA attributed non-printing of posters to absence of any requisition from the districts. It was also stated that the Dakshin Dinajpur District authorities had not communicated requirements for IEC materials. The reply was not tenable because the SNA asked the district authorities to indicate different[41] spots and places for IEC activities only. The types and quantities of the different IEC materials (*i.e.* banners, posters, stickers, etc.) had not been called for. The requisitions received from the district authorities contained numerous spots[42] earmarked for posters. Moreover, it was the responsibility of the SNA to ensure adequate IEC activities in the district.

3.2.2.3 Irregularities in maintenance of records relating to IEC materials

The following irregularities in maintenance of records relating to IEC materials were noticed:

- In Bardhaman district, stock registers were not maintained for the entire period of audit. As such, Audit could not verify actual receipt of banners and stickers worth ₹ 43.98 lakh sent to Bardhaman district by the SNA.
- Challans for supply of banners and stickers to Paschim Medinipur district were furnished by the SNA. The stock register was, however, not furnished by the district authority for the entire period of audit.
- In Bardhaman district, no RSBY related Cash Book was found for the period from April 2012 to December 2013. Similarly, in Uttar Dinajpur district, no cashbook prior to 20 June 2014 was found. In absence of

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[38] *The Directorate of Employees State Insurance Scheme*

[39] *General Banner (GB), Response Elicit Banner (RE), MGNREGA Banner and stickers.*

[40] *Namely, Health Sub-centres, ICDS, High Schools, Jr. High Schools, MSK, SSK, Ration shops, etc.*

[41] *As the Banners were to be placed in District HQ, Sub-Division, Block, GP, Rural Hospital, BPHC, Health Centre, Nodal Railway Stations, Key Highway Points and Samsad while the posters were required for Health Sub-centre, ICDS, High School, Jr. High School, MSK, SSK and Ration shops.*

[42] *For **Murshidabad** district, Health Sub-centre: 832, ICDS: 8516, Pry. School: 3172, High & Jr. High School: 856, MSK: 202, SSK: 1582 and Ration shop: 1370.*
*For **Paschim Medinipur** district, Health Sub-centre: 858, ICDS: 9009, Pry. School: 4200, High & Jr. High School: 746, MSK: 232, SSK: 2459 and Ration shop: 1434.*

Cash Book, the expenditure incurred on account of IEC materials could not be ascertained in audit.

Thus, there was laxity on the part of the district authorities of Bardhaman, Uttar Dinajpur and Paschim Medinipur in maintaining basic records relating to RSBY.

3.2.3 Settlement of claims

The hospitals, both private and public, were to raise daily claims to the Insurance Companies for all the beneficiaries treated and discharged under RSBY. As per the agreements with the State Nodal Agency, the Insurers were required to complete settlement of claims within one month from the date of receipt. In case of rejection of a claim, the same was to be communicated[43] to the hospital within one month. Further, the GoWB directed (February 2016) the ICs to pay one *per cent* of the claim amount for every fortnight of delay beyond 30 days in settling the claims.

The SNA stated that there were no pending claims of the districts for the period 2012-13 to 2015-16. In this regard, records of the six DNOs of test-checked districts alongwith some hospitals/ nursing homes were test-checked. During test-check several instances of claims remaining outstanding, as discussed in the subsequent paragraphs, were noticed.

3.2.3.1 Outstanding claims

Test-check of records of the selected health service providers in three test-checked districts[44] showed that several claims raised by the health service providers remained unsettled for long. Repeated pursuance by the hospital authorities with the ICs and the District Grievances Redressal Committees (DGRCs) failed to overcome the impasse as detailed in **Table 3.4**.

Table 3.4: Position of outstanding claims in test-checked districts

Sl. No.	Audit findings	Impact
1.	The DNO, RSBY, Murshidabad intimated (May 2017) that 513 claims worth ₹ 27.35 lakh were pending for settlement. Scrutiny, however, showed that actually 2,265 claims worth ₹ 1.18 crore for 2014-16 remained unsettled till the date of audit. In reply, DNO Murshidabad stated that during 2014-15, the RSBY portal was offline. Besides, there was communication gap between the IC/ TPA and the nursing homes regarding uploading of data. This resulted in pendency of claims. The claims for 2015-16 were pending due to other technical reasons. The DNO also attributed such delays to delaying tactics and non-compliance on the part of the Insurance Companies/ TPAs.	These instances indicated that there was a need of introducing a suitable redressal mechanism to identify and expeditiously settle long outstanding claims.
2.	In Paschim Medinipur district, 428 claims worth ₹ 17.35 lakh pertaining to 2015-16 and 430 claims worth ₹ 12.76 lakh relating to 2016-17 raised by the hospitals remained unsettled till the date of audit (May 2017). Such pendency in settlement of claims were attributable to inter district claims and non-uploading of the claims by the hospitals due to server problem.	
3.	In Dakshin Dinajpur, outstanding claims in respect of two inactive private hospitals and one functional hospital pertaining to the period 2014-16 stood at ₹ 9.05 lakh. In February 2016, H&FW Department advised the DGRCs to impose penalty of ₹ 25,000 per decision for the first month and ₹ 50,000 per month thereafter on the IC/ TPA for non-settlement of long outstanding claims. However, neither any such penalty was imposed nor the matters were referred to State Grievances Redressal Committee (SGRC). The DNO, Dakshin Dinajpur, however, stated that there was no pending claim in the district.	

Source: Records from DNAs and data obtained from server

[43] *Informing that it could, if required, appeal to the District Grievances Redressal Committee.*
[44] *Murshidabad, Paschim Medinipur and Dakshin Dinajpur.*

3.2.3.2 Outstanding inter-District and inter-State Claims

The inter-IC Claims within a State were to be shared[45] amongst all ICs in a meeting convened at the State Nodal Agency every month (preferably in the first week). Similarly, inter-IC Claims outside the State were to be shared amongst all ICs in the National Nodal officer (NaNO) meetings convened at the GoI/ Ministry every month. In both the cases, the claims should be settled within the next 30 days of such sharing. While SNAs should review these claim settlements on a monthly basis and ensure compliance to the timelines, Ministry would review the settlements at the NaNO meeting.

Test-check of records disclosed the following:

- Out of total pending claim of ₹ 10.31 lakh for the year 2014-15 for Dhulian Nursing Home in Murshidabad, ₹ 9.01 lakh pertained to Inter State Claims. The Nursing Home Authorities had repeatedly taken up these cases with the IC[46] as well as the DGRC. The same, however, remained unsettled till the date of audit. The IC stated that it had stopped releasing payments for claims[47] lodged under RSBY due to non-receipt of premium from Government.
- In Bardhaman, 669 inter-district claims worth ₹ 42.55 lakh remained unsettled since 2014-15. Consequently, the service to the inter-district RSBY patients in Bardhaman district was affected.
- In the DGRC meeting (July 2016) of Paschim Medinipur district, private hospitals raised the issue of non-settlement of inter-district claims. These hospitals were informed by the DNO that the TPAs of the respective districts were to settle the cases. However, in an earlier DGRC meeting (May 2016) the concerned TPA had intimated that it had nothing to do with the TPA of other district.
- It was noticed that a large number of patients from the adjacent districts and states came to various hospitals of the State for treatment under RSBY. Majority of such claims raised in respect of those patients by the empanelled hospitals remained unsettled. Repeated pursuance by the hospitals with the ICs and DGRCs in this regard yielded very little or no result.

Thus, non-adherence to the Government orders and guidelines on time bound settlement of claims had led to accumulation of claims in the districts. The DGRCs had neither taken a firm stand on the ICs for settlement of the pending claims nor escalated the matters to SGRC level. The DGRCs did not impose any penalty on the defaulting ICs.

In reply, SNA stated that it had introduced day to day electronic monitoring through the web portal from March 2015. It further stated that 99 *per cent* of the claims[48] were settled within 30 days. Test-check of records of DGRC as well as of the hospitals/ nursing homes, however, revealed otherwise. As such, the claim of SNA, RSBY regarding timely settlement of claims was not acceptable. The SNA was silent about holding of meetings at SNA for

[45] *As per guidelines (July 2012) for settlement of claims of the hospitals under RSBY*
[46] *ICICI Lombard Insurance Company*
[47] *relating to inter-state claims*
[48] *including inter-insurance claims*

settlement of inter-district insurance claims. In respect of Inter State claims, it was stated that the same was monitored by the Central Government through NaNO meetings. However, information furnished to the GoI by the SNA on pending Inter State Claims was not intimated.

3.2.4 Performance of the Insurance Companies

3.2.4.1 Poor coverage of health care providers

Availability of empanelled hospitals in close vicinity was an important requirement for easy access of the beneficiaries to the health care providers. The overall responsibility for empanelment of Health Care Providers under RSBY was on the IC. In June 2014, GoI introduced mandatory performance evaluation criteria[49] for the ICs. Any proposal for extension/ renewal of policies was to be accompanied by requisite performance evaluation in appropriate format. It was prescribed that there should be at least two hospitals in each block. The failure to comply with such criteria would render the ICs ineligible under the scheme.

As of March 2017, 76 blocks/ municipalities[50] in five test-checked districts, either had no hospital or less than two empanelled hospitals. No action was, however, taken by the district and state authorities against the defaulter ICs till the date of audit.

It was, however, claimed by SNA that all eligible public and private hospitals in the districts were empanelled under RSBY scheme and there were no more eligible hospitals for empanelment.

The SNA did not explain the reason of absence/ shortage of hospitals in those blocks of test-checked districts.

As the health care services were not available in close vicinity, the population of those blocks/ municipalities were deprived of the benefits under the scheme.

3.2.4.2 Performance relating to settlement of claims

As per monitoring parameters to measure the performance of the ICs, if ten *per cent* of claims remained unpaid at the end of 30 days the IC would be charged five points. If such claims remaining unpaid were in the range between 10 and 25 *per cent*, the IC would be charged 10 points. Further, if the said parameter was in the range between 25 and 40 *per cent*, the IC would be charged 15 points.

Till the date of audit, neither the SNA nor the district authorities undertook any evaluation of the performances of the ICs as per the criteria stipulated by GoI. In a reply, the SNO stated that the evaluation process was underway. The percentage of claims remaining unpaid within the stipulated period of 30 days in the six test-checked districts ranged between 38 and 100 *per cent*. Details regarding settlement of claims in the districts are at ***Appendix 3.1***.

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[49] *The threshold limits were fixed as 5-7 points, 8-13 points, 14-21 points and 21 points and above. If the limits were exceeded, the ICs could be docked a percentage of the total premium amount. Even there were provisions for cancellation of renewals of the ICs and debarring them from bidding in subsequent years.*

[50] *Uttar Dinajpur: 10, Dakshin Dinajpur: 5, Paschim Medinipur: 21, Bardhaman: 25 and Murshidabad: 15.*

Scrutiny, however, showed that no action was taken either by the district or by the state authorities to impose penalty for poor performance till the date of audit. Reasons for such inaction was not intimated to audit, though called for.

This assumed significance in view of the fact that a number of private hospitals in the two test-checked districts had discontinued services under the RSBY. These hospitals attributed the same to unsatisfactory services of the ICs.

3.2.4.3 Non-recovery of refund of premium

The ICs were required to refund part of the premium if claim ratio (*i.e.* Claim paid/ Premium received) for the full period of insurance policy was less than 70 *per cent*. The refundable amount[51] would be equal to the difference between actual claim ratio and 70 *per cent* of the premium paid. The SNA would return proportionate central share to the Ministry once the premium was refunded by the IC. It was observed that during January 2015 to December 2016, the claim ratio in Kolkata and Uttar Dinajpur[52] district fell short of 70 *per cent*. As such ₹ 1.62 crore stood recoverable from the IC on this count. However, recovery[53] from the IC was awaited till the date of audit. In reply, the SNA stated that it had issued a letter to the concerned IC regarding refund of the amount. The IC, in turn, informed that the refund was in process.

3.2.5 Extension of facilities to the beneficiaries

3.2.5.1 Non-compliance by the IC

The objective of RSBY scheme *inter alia* stipulated that the beneficiaries would receive increased access to healthcare services. Test-check of records in selected districts revealed the following:

- There were 12 active Government hospitals and seven active private hospitals empanelled[54] under RSBY in Uttar Dinajpur. Out of these seven private hospitals, RSBY was running only in one private hospital. The other private hospitals were reluctant to provide RSBY facility. The reluctance was attributable to difficulties faced by them towards reimbursement[55] of claims. It was, however, noticed that the RSBY contract with the same IC was renewed in December 2016 in respect of those six hospitals. RSBY service, however, was not resumed in those hospitals. In January 2017, the DKM, RSBY, Uttar Dinajpur intimated the SNO that RSBY facility in the district was severely hampered due to the activities of the IC. He also requested to replace the existing IC with any other *bonafide* and reputed one. No further development was, however, forthcoming.

No penalty was imposed on the defaulting IC either by SNA or by DGRC. Thus, the RSBY programme was hampered due to non-compliance to the terms and conditions of service by the IC.

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[51] *Payable within 90 days from the end of the policy to SNA*

[52] *Claim ratios: **Kolkata (Round: II):** against general premium: 69.92 per cent and Pro rata extension: 42.85 per cent; **Uttar Dinajpur (Round IV):** against general premium: 68.65 per cent and Pro rata extension: 48.64 per cent. In both the cases M/s ICICI Lombard was the IC.*

[53] *despite lapse of more than 90 days from the end of the policy period*

[54] *As per information furnished by SNA, RSBY*

[55] *From the IC i.e. M/s ICICI Lombard*

- Nine Government hospitals[56] and eight private ones were empanelled for RSBY in eight Blocks/ Municipalities of Dakshin Dinajpur. Out of these eight empanelled private hospitals, only two[57] were functional and the rest were inactive for different periods. Test-check of records of two inactive private hospitals[58] revealed that they had long pending claims. The hospital authorities had expressed their grievances (May 2015) to the District Magistrate on the services of the concerned IC.

Thus, non-functioning of the private hospitals/ nursing homes in the district limited the scope of providing health care facilities to the RSBY beneficiaries of the district.

3.2.5.2 Inadequate infrastructural facilities in the empanelled hospitals

RSBY guidelines stipulated that hospital and other health facilities with desired infrastructure for inpatient and day care services needed to be empanelled[59]. The guidelines further stipulated that all Government hospitals[60] could be empanelled provided they had the facility to read and manage smart cards.

Information on availability of infrastructural facilities was available in respect of 99 BPHCs/ RHs of six test-checked districts empanelled under RSBY. Test-check of records and information furnished by the District authorities showed the following:

- Only four RHs[61] of Paschim Medinipur had facilities for caesarean delivery. All the remaining 95 health centres either did not have an Operation Theatre (OT) or had OTs for minor operations only.
- Only six Health Centres in Bardhaman and two in Paschim Medinipur, had specialised departments other than Gynaecology and General Medicine.
- Out of the above-mentioned 99 BPHCs/ RHs, 52[62] were the sole empanelled health care facilities in the respective blocks. Consequently, the RSBY beneficiaries had to travel large distances for proper treatment.

This restricted the scope of extending treatment for the beneficiaries.

3.2.6 Rogi Sahayata Kendras

Approved Programme Implementation Plan (PIP) of National Health Mission (NHM) stipulated setting up of Rogi Sahayata Kendras (RSKs) for dissemination of necessary and accurate information to patients and relatives. The RSKs were to be set up at Medical College Hospitals, District Hospitals, Sub-divisional Hospitals and State General Hospitals. In October 2014,

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[56] *Balurghat DH, Gangarampur SDH and 07 RH/ BPHCs.*
[57] *Indian Red Cross Society at Balurghat and Life Care Nursing Home at Banshihari*
[58] *Sandhya Nursing Home and Diagnostic Centre at Gangarampur and Buniadpur Seba Sadan at Buniadpur*
[59] *After being inspected by qualified technical team of the IC or their representatives in consultation with the District Nodal Officer, RSBY and approved by the District Administration/ State Government/ SNA.*
[60] *including Primary and Community Health Centres*
[61] *Belda RH, Chandrakona RH, Belpahari RH, and Kharikamathani RH.*
[62] *16 BPHC/ RHs in Bardhaman, 6 in Uttar Dinajpur, 5 in Dakshin Dinajpur, 13 in Paschim Medinipur and 12 BPHC/ RHs in Murshidabad.*

the SNO, RSBY, allowed engagement of two Rogi Sahayaks (RSs) for RSK of all RSBY empanelled BPHC/ RHs of the State.

Scrutiny of functioning of RSKs in the six test-checked districts revealed the following:

- In Murshidabad district, no RS was engaged in 26 empanelled RH/ BPHCs. The same was attributed to non-availability of the Chairman of the selection committee[63].
- Despite directions of SNO, RSBY, no RS was engaged in 10 BPHC/ RHs[64] of Paschim Medinipur[65] and Bardhaman districts[66] till the date of audit. The reasons for same were neither forthcoming from the available records nor intimated to Audit.

Non-engagement of RSs led to impediments in extension of support to the RSBY beneficiaries in the BPHCs/ RHs of these districts.

3.2.7 Irregularities in utilisation of RSBY fund

As per operational guideline[67] for RSBY, all procurements, out of accumulated RSBY fund, were to be done through Store Management Information System (SMIS)[68]. The respective RSBY empanelled Government hospital would upload the quantum of RSBY fund at their disposal in the SMIS. On receipt of RSBY claim settlement amounts from the ICs, the same would be automatically entered[69] in the SMIS server. Moreover, expenditure for procurement of non-catalogue items should not exceed 30 *per cent* of the claim amounts fund received from the ICs.

Scrutiny of records in the test-checked public hospitals revealed the following irregularities in utilisation of RSBY funds:

- In five hospitals[70], no effort was made by the hospital authorities to enter the accumulated RSBY funds in the SMIS server. Thus, procurement of catalogue and non-catalogue items out of RSBY fund was not done through SMIS by these hospitals. One hospital[71] attributed the same to non-receipt of proper guidelines.
- In many cases, procurement of drugs and consumables for RSBY patients was made from outside medicine shops. Due to non-availability of medicines in store, some patients had to procure medicines from outside on reimbursement basis. In four test-checked hospitals, 12,946 RSBY patients[72] had to procure medicines worth ₹ 52.88 lakh[73] from outside during 2013-17.

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[63] *A selection committee, chaired by the Chairman of the ASHA selection Committee of the district, was to select NGOs to run the RSKs.*
[64] *Belpahari RH, Kharika Mathani RH, Mohanpur BPHC, Gopiballavpur RH, Tapsia RH, Bhangagarh RH, Binpur RH and Chilkigarh BPHC.*
[65] *BPHCs/ RHs empanelled during March – November 2014*
[66] *in Ramjivanpur BPHC*
[67] *Issued in August 2015 by the Strategic Planning & Sector Reform Cell, Health & Family Welfare Department.*
[68] *an online application used by the H&FW Department*
[69] *through the linkage of RSBY server with the SMIS server*
[70] *Balurghat District Hospital, Birpara SG Hospital, Kandi SD Hospital, Ghatal SD Hospital and Gangarampur SD Hospital.*
[71] *Birpara SG Hospital*
[72] *Out of 14,030 patients treated*
[73] *most of which had been reimbursed except for ₹0.54 lakh in two hospitals*

Thus, the basic objective of providing cashless treatment to the RSBY beneficiaries was not achieved in these hospitals.

3.2.8 Laxity in pursuance of rejected cases

In terms of RSBY guidelines, the beneficiaries were to be provided treatment free of cost for all ailments covered under the RSBY scheme. The Healthcare provider shall be reimbursed as per the package cost specified in the tender or as mutually agreed upon in case of unspecified packages. The Insurer was to ensure that the claim of the hospital was settled within a month[74]. In case a claim was rejected, the information[75] was to be sent to the hospital within a month. Insurer was to inform the hospital that it could prefer an appeal to the District and/ or State Level Grievance Redressal Committee, if felt necessary.

Scrutiny of records of three hospitals revealed that they did not take any initiative to settle rejected claims worth ₹ 94.19 lakh as detailed in **Table 3.5**.

Table 3.5: Details of rejection cases in three test-checked hospitals

Name of the hospital (date of empanelment)	No. of patients treated	No. of claims raised	No. of claims not raised	Value of claims raised (*₹ in lakh*)	No. of claims rejected	Value of claims rejected (*₹ in lakh*)	Reasons for rejection
Murshidabad Medical College & Hospital (January 2013 and February 2014)	18,856 since empanelment	15,933	2,923	537.30	1,266	40.68	• Admission for evaluation and diagnosis only; • Delay in uploading claims; • Zero balance claims; • Diagnosis not clear/ justified; • Eligibility of the claim could not be ascertained; • Query reply not received.
Jalpaiguri District Hospital (August 2012)	6,213 during 2015-17	6,213	Nil	145.51	1,207	36.37	
Alipurduar District Hospital (December 2013)	6,149 since empanelment	6,149	Nil	189.53	619	17.14	
		28,295	**2,923**	**872.34**	**3,092**	**94.19**	

Source: Records of the test-checked districts

The hospital authority never took up the matter of rejection with the DGRC for settlement of the claims.

In reply, Superintendent, Jalpaiguri District Hospital stated (June 2017) that action had been taken against the Rogi Sahayaks for negligence in settling the rejected claims.

[74] *on receipt of claim data by the IC or their representatives*
[75] *alongwith the claim rejection information*

3.2.9 Monitoring

3.2.9.1 Operations of DGRC

(a) Inadequate number of DGRC meetings: RSBY guidelines prescribed setting up of District Grievances Redressal Committee (DGRC) to redress grievances[76] under RSBY. Accordingly, the DGRCs, in different districts, were constituted (December 2013). The District Magistrates, District Key Managers (DKM)[77] and Chief Medical Officers of Health (CMOsH) of the respective districts were the Chairman, the member Convenor and one of the members of the committee respectively. The DGRCs were to meet once in every month for addressing the grievances in the respective grievances committees.

A substantial number of grievances[78] from the stakeholders were pending in some districts. Scrutiny of records revealed that against the norm of 234 meetings, only 34 meetings[79] of DGRC were held in the six test-checked districts during January 2014 to March 2017.

(b) Non-functional Redressal Management System: For ensuring disposal of complaints and grievances in an effective and time bound manner, "Central Complaint/ Grievance Redressal System" was designed (April 2012) by the GoI. The web based system required Nodal Officers/ Coordinators (to be designated by the SNA) at each level to respond to the queries/ complaints with corresponding entries in the web portal wherever required. After entry in the page, an automatic Unique Complaint Number (UCN) would be generated. The complaints would thereafter be transferred to the DGRC/ SGRC/ National Grievances Redressal Committee (NGRC) who would hear the parties and take decisions within 30 days.

Scrutiny, however, showed that the web window titled "Central Complaint/ Grievance Redressal System" was non-functional. None of the grievances in the six test-checked districts was routed through the web based portal. Consequently, the objective of monitoring the disposal of complaints and grievances in an effective and time bound manner was not achieved. The reasons were not intimated to Audit.

(c) Non-settlement of grievances within the stipulated period: It was stipulated in the Operational Manual for RSBY[80] that the DGRC would take a decision within 30 days of receiving complaint from aggrieved party. It was further stipulated in the Operational Manual that the escalation from DGRC to SGRC (and subsequently to NGRC) would happen, if the issue was not resolved within 30 days.

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[76] *As regards benefits to the beneficiaries, claims of the hospitals and functioning of the ICs and its agencies.*

[77] *ADM in charge of RSBY*

[78] *72 grievances in Jalpaiguri district and 308 in Dakshin Dinajpur district during the audit period.*

[79]

	2013-14	2014-15	2015-16	2016-17
Bardhaman	*01*	*04*	*05*	*02*
Murshidabad	*01*	*Nil*	*04*	*02*
Uttar Dinajpur	*01*	*01*	*01*	*04*
Dakshin Dinajpur	*Nil*	*Nil*	*02*	*01*
Paschim Medinipur	*Nil*	*Nil*	*02*	*02*
Jalpaiguri	*Nil*	*Nil*	*01*	*Nil*

[80] *As well as in the agreements between the SNA and the ICs*

It was noticed that 308 and nine grievances were raised by the hospital authorities of Dakshin Dinajpur district and Uttar Dinajpur district respectively in the DGRC meetings held during 2015-17. None of the cases were settled within the stipulated period of 30 days. It was further noticed that there were no recorded minutes for the three DGRC meetings held in Dakshin Dinajpur district. Consequently, the grievances and actions taken by the DGRC thereon in these meetings could not be ascertained by Audit.

3.2.9.2 Failure to conduct Medical Audits

The Secretary, H&FW Department and SNO, RSBY passed (February 2014) an order to constitute a medical Audit team[81] in each district to review implementation of RSBY in the district. It was advised by the Department that the DKMs and CMOHs should organise Medical Audit[82] in at least five hospitals per month.

Scrutiny of records relating to Medical Audit under RSBY in six test-checked districts showed that no Medical Audit was conducted till 2016-17 in Uttar Dinajpur, Dakshin Dinajpur and Jalpaiguri district. In Paschim Medinipur district, only two Medical Audits were conducted (one each in 2015-16 and 2016-17) whereas in Murshidabad district, only one Medical Audit was conducted. The inadequacy in conducting medical audits in contravention of the directives of the H&FW Department was indicative of a lackadaisical monitoring by the district authorities. The reasons for inadequate number of medical audits in the test-checked districts were not stated though called for.

3.2.9.3 Non-formation of State Coordinating Committee

As per agreements between the SNA and the ICs, a State Coordinating Committee for RSBY was to be set up to review performance under the Agreement on a periodic basis. No State Coordinating Committee was, however, notified by the SNA.

SNA stated that though such committee was not notified, monitoring meeting (though without formal minutes) with the ICs and TPA as well as consultation meets were conducted at regular intervals. SNA's claim to have reviewed the performances of the ICs, was, however, not acceptable. This was in view of instances of inadequate IEC activities, delayed claim settlement, non-levying of penalty on the ICs, non-refund of premium by the relevant ICs, etc.

3.2.10 Conclusion

A number of Below Poverty Line families had been brought under the coverage of health insurance under the Rashtriya Swasthya Bima Yojana. However, there remained much scope for improvement.

The State had not started covering new categories of beneficiaries targeted to be brought under the scheme. Coverage of the scheme was also adversely affected by deficient Information Education Communication activities.

The insurance companies fell short of the target of empanelling at least two hospitals in a block/ municipality. As many as 76 blocks/ municipalities in the five test-checked districts had either only one hospital or no hospital empanelled at all.

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[81] *Headed by the Dy. CMOH –I of the respective district*

[82] *Based on the higher packages booked by hospitals as per the MIS report of SNA server*

Expeditious settlement of claims was crucial for successful implementation of health insurance scheme. However, the pace of settlement of claims by the insurance companies was unsatisfactory. Test-check revealed outstanding claims, especially those involving inter-District and inter-State settlements. The District Grievance Redressal Committees (DGRCs) had neither taken a firm decision on the insurance companies for settlement of the pending claims nor escalated the matters to the State Level Committee. No penalty was imposed by the DGRCs on the companies for under-performance. This assumes significance in view of the fact that a number of private hospitals in two test-checked districts had discontinued services under the RSBY attributing the same to unsatisfactory services of the Insurance Companies.

The poor RSBY patients had to purchase medicines from outside shops spending their own money. As a result, the basic aim of cashless treatment was not achieved.

As evidenced from the instances of inadequate number of DGRC meetings, non-functional Redressal Management System, etc., monitoring mechanism were not working.

The matter was referred to Government in September 2017; reply had not been received (February 2018).

WOMEN & CHILD DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

3.3 Avoidable expenditure on procurement of rice

District authorities of North 24 Parganas, Malda and Murshidabad procured 2.35 lakh quintal of Rice under Wheat based Nutrition Programme from outside agencies. The procurement was done at higher rates instead of lifting the same from FCI at cheaper rates. This had resulted in an avoidable expenditure of ₹ 43.19 crore during 2014-17.

Ministry of Women & Child Development, Government of India (GoI) introduced (1986) Wheat Based Nutrition Programme (WBNP) under the Integrated Child Development Scheme (ICDS). WBNP aimed at providing nutritious/ energy food to children below six years of age and expectant/ lactating women. Under this scheme, GoI allocated rice on a quarterly basis to the States through the Food Corporation of India (FCI) at Below Poverty Line (BPL) rates[83]. Women & Child Development and Social Welfare Department (Department), Government of West Bengal was responsible for implementation of the programme in the State. The programme was to be implemented through the district/ block level authorities[84]. As per benchmark fixed through the policy guidelines of the GoI, at least 70 *per cent* of the allocated rice was to be lifted by the State. The responsibility for ensuring that the allocations earmarked by the GoI did not lapse vested on the Department.

[83] *i.e. the subsidized rate at which food grains were sold to the Below Poverty Line population under the Public Distribution System.*

[84] *District Programme Officer (DPO), ICDS and District Magistrate of the concerned districts*

Records of the District Magistrates (DMs) of three districts[85] relating to WBNP were checked in audit. It was observed that during 2014-17, out of a total 10.29 lakh quintal of rice allocated, only 2.10 lakh quintal (20 *per cent*) was lifted from FCI at BPL rate[86] (***Appendix 3.2***) by these DMs. Further scrutiny showed that despite substantial quantum of allocated rice remaining un-lifted (5.24 lakh quintal) from FCI, 2.35 lakh quintal of rice was procured by these three districts from other sources[87] at higher rates[88]. This resulted in an avoidable expenditure of ₹ 43.19 crore from government exchequer as shown in ***Appendix 3.2***.

In reply, the concerned district authorities[89] stated the following:

- The district authority, North 24 Parganas attributed (February 2017) the procurement of rice from other sources to the procedural delays involved in procurement of rice from FCI. The reply was not tenable as a more proactive approach was required to avoid the procedural delays.
- The district authority, Murshidabad attributed (December 2016) non-procurement of rice from FCI to non-availability of transport contractors for lifting the rice from FCI godown and its delivery to different ICDS godowns. The reply was not tenable, since there was a failure on the part of the district authority to finalise the selection process of transport contractors in due time.
- The District Programme Officer, Malda intimated (March 2017) that FCI had not agreed to allow time extension for lifting of rice as sought for by the district. The reply was not tenable as extension of time for lifting was allowed only in case of operational constraints faced by FCI like non-availability of stock at the godown, problem of labour, etc. Further, the district authority should have resolved the issue of transportation before placing the requisition to FCI. This reflected an unpreparedness on the part of the authority in the procurement process.

It was the responsibility of the district authorities to ensure preparedness[90] especially in view of substantial additional expenditure involved in procurement of rice from sources other than FCI.

It was further observed from the records that the Department was aware of the inability on the part of the district authorities to lift the allocation earmarked by the GoI. Assurances were given (March 2016) by the Department to the GoI to maximise the lifting. The records, however, indicated that the procedural delays continued in the subsequent years also and consequently the declining trend in procurement from FCI persisted.

Thus, there was lacunae on the part of the department to streamline the procedural delays and optimise the lifting of allocated foodgrains from FCI.

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[85] *North 24 Parganas, Malda and Murshidabad.*

[86] *At the rate of ₹565 per quintal in 2014-16 and at the rate of ₹300 per quintal in 2016-17*

[87] *West Bengal Consumers Co-operative Federation Limited (CONFED), West Bengal Essential Commodities Supply Corporation (WBECSC) and Self Help Groups (SHGs).*

[88] *Ranged between ₹2,200 and ₹2,530 per quintal during 2014-17*

[89] *DPO, ICDS*

[90] *By identifying and selecting the suitable transporters and streamlining procedural issues*

The lack of preparedness of the district authorities[91] to lift the allocated quantities of WBNP rice from FCI godown was another major attribute. There was an avoidable expenditure of ₹ 43.19 crore from Government exchequer during 2014-17.

The matter was referred to Government in June 2017; reply had not been received (February 2018).

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (KOLKATA METROPOLITAN DEVELOPMENT AUTHORITY)

3.4 Under-fixation of service charge leading to loss of revenue

KMDA did not consider the prevailing market value of land while raising demand of service charge for a sub-lease permission for 2.5 acres of land at Anandapur, Kolkata. Instead, it had taken into account a four year old rate. This resulted in a loss of revenue of ₹ 18.08 crore.

One of the functions of the Kolkata Metropolitan Development Authority (KMDA) is development of land for residential and commercial purposes by leasing out land to private agencies. For construction of an infrastructure tower[92], KMDA had allotted in February 2006, 2.5 acres (151.25 *cottah*) of land at Anandapur, Ward no. 108 of Kolkata Municipal Corporation to an agency[93] on lease for 99 years. The land was handed over to the agency in May 2007. A Deed of Licence[94] (executed in December 2007) carried a stipulation that the land or any construction thereupon was not to be transferred or assigned without permission of the KMDA. However, after taking over possession, the agency approached (July 2007) KMDA for consent to sub-lease the land. This was rejected by KMDA (August 2007) on the ground that as per the existing policy of KMDA sub-leasing or sub-letting might be allowed for constructed space only and not for land. Subsequently, after construction upto two stories (out of sanctioned 20 stories) the agency again approached KMDA (March, April and June 2013) for allowing sub-leasing/ sub-letting/ assignment right of 100 *per cent* constructed/ to be constructed area (*i.e.* 20 story). This time KMDA granted (June 2013) sub-leasing permission to the agency against payment of 60 *per cent* of the current market value of land as onetime fee or service charge. Accordingly, KMDA raised (December 2013) a demand of ₹ 13.61 crore as service charge considering the land value of ₹ 15 lakh per *cottah*.

Audit scrutiny (November 2016) of the records of KMDA showed that KMDA did not raise the demand (December 2013) for the service charge for sub-lease on the basis of prevailing market rate. Instead KMDA took into account the land value (₹ 15 lakh per *cottah*) last revised in February 2009. This was done in spite of steep rise in the market value of land in that area since 2009 revision.

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[91] *Malda, Murshidabad and North 24 Parganas.*

[92] *Infrastructure tower was meant to house various industries, financial institutions, service providers, telecom companies, Information Technology & Information Technology Enabled Service companies, real estate developers and construction consultants, etc.*

[93] *M/s South City Projects (Kolkata) Limited*

[94] *The purpose of execution of Deed of Licence is to enable the Licensee to undertake the proposed construction in the allotted land premises.*

From the records of the Additional District Sub-Registrar, South 24 Parganas it was seen that at the time of placing demand (December 2013) for service charge, the prevailing market rate for residential plots in the same municipal ward stood at ₹ 34.92 lakh per *cottah* or above. Compared with the same, KMDA could have earned additional ₹ 18.08 crore[95] had prevalent market value of the land in the same locality been taken into account while working out the amount of demand.

While endorsing KMDA's reply, Department was also of the view that KMDA raised the demand of service charge on the basis of land value approved by KMDA in March 2009, as KMDA further revised the land value only in February 2014.

The contention of the Department was not tenable as considering service charge on the basis of land value ratified four years ago indicated absence of a prudent financial management policy. In this process, KMDA not only allowed undue financial favour to the agency but also suffered a loss of ₹ 18.08 crore.

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (ASANSOL DURGAPUR DEVELOPMENT AUTHORITY)

3.5 Undue benefit to a contractor on construction of a road-side drain at Durgapur

Asansol Durgapur Development Authority allowed a contractor to deviate from the Detailed Project Report in a turnkey contract for a drain work at Durgapur. Such deviation reduced the scope of work but there was no concomitant downward revision in the contractual amount. This was tantamount to undue benefit of ₹ 7.30 crore to the contractor.

Asansol Durgapur Development Authority (ADDA)[96] decided (December 2011) to implement a 9.936 km. long two-lane road project[97] in Durgapur. The Detailed Project Report (DPR) of the road work was prepared by ADDA. The project was approved (January 2012) by the Government of India (GoI) under Jawaharlal Nehru Urban Renewal Mission (JNNURM) at a cost of ₹ 77.82 crore[98]. Scope of work[99] for the project, *inter alia,* included construction of 19,685.2 meter long (work volume - 67,532 cu.m.) rectangular covered type drain[100] on both sides of the road with pre-cast cover to be used as pedestrian footpath. The drain work accounted for approximately 43 *per cent* of the project cost. The work was awarded (August 2012) to the lowest bidder[101] at a cost of ₹ 68.35 crore[102] on turnkey basis. Detailed Bill of

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95 *(₹34.92 lakh - ₹15 lakh) per cottah x 151.25 cottah x 60 per cent.*

96 *A statutory authority under administrative control of Urban Development and Municipal Affairs Department.*

97 *From Gammon Bridge to Gandhi More (NH-2) via Maya bazaar*

98 *The cost of the project was to be borne jointly by Government of India (50 per cent), State Government (35 per cent), ADDA (10 per cent) and Durgapur Municipal Corporation (five per cent).*

99 *As per volume II, Section 10 of bid document*

100 *M-15 grade PCC for 63,595 cu.m. and M- 20 grade RCC for 3,937 cu.m.*

101 *M/s Adhunik Infrastructures Pvt. Limited (AIPL), a private agency.*

102 *Originally the work had been awarded for ₹64.75 crore. However, during execution, additional work of ₹3.60 crore was added to the project and the contract value was revised to ₹68.35 crore.*

Quantities (BOQ) was, however, not submitted by the bidder in support of bid price before its selection[103]. Detailed BOQ was analysed in audit. It was observed that quantity of 'Surface Drain' works offered to be executed fell far short[104] of the projected quantity as per the DPR. This resulted in the quoted and awarded bid being the lowest. ADDA authorities[105] overlooked such omission and allowed the ineligible lowest bidder to carry out the work. This was a clear indication of extension of an undue favour to the contractor. The work was completed in February 2016 and ₹ 66.75 crore had been paid to the agency. The final bill, however, was pending with ADDA.

The main objective of turnkey job was to complete the project work in all respects as per given[106] specification and drawing. During execution of the work, the contractor proposed[107] (December 2013) a revised drawing[108] in which drains of four different specifications were to be constructed. This was in deviation from the specification given in the DPR. The Executive Engineer, ADDA objected (December 2013) to the proposal on the ground of possible "maintenance problem in future". The contractor, however, continued to execute the work following the revised drawing. ADDA, in a Board meeting (January 2016) approved the contractor's proposal *post facto*. The financial implication of the modification in the scope of work was not, however, assessed by ADDA. At the instance of Audit, the Executive Engineer (EE), ADDA worked out (June 2016) the financial implication of the changes in the scope of work. It was observed that the above-mentioned change in scope of work resulted in reduction in the work value by ₹ 7.30 crore as shown in **Table 3.6**:

Table 3.6: Comparison between value of work contracted/ paid for *vis-à-vis* value of work actually executed

Length of drain work executed	Payment made as per contracted rate	Value of work actually executed	
		Rate per metre as assessed by the EE	Total value
8,454 metre	₹ 12,660 per metre	₹ 15,203 per metre	₹ 12,85,26,162
10,489 metre		₹ 3,604 per metre	₹ 3,78,02,356
366 metre		₹ 5,053 per metre	₹ 18,49,398
300 metre		₹ 10,832 per metre	₹ 32,49,600
Total: 19,609 metre	**₹ 24,44,51,940***		**₹ 17,14,27,516**
		Excess payment:	**₹ 7.30 crore**

*Source: Records of ADDA *For 19,309 metre as per contract*

ADDA, however, continued to pay the contractor at the contracted rate without any downward revision of the amount payable based on the reduced value of work.

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[103] *in violation of the bid stipulation*
[104] *As against 19,685.2 metre of projected drainage work in the DPR, only 10,000 metre of drainage work was offered to be constructed in the detailed BOQ submitted by the contractor.*
[105] *Did not insist on the detailed BOQ at the time of finalization of the bid.*
[106] *As mentioned in the bid document prepared on the basis of DPR.*
[107] *7,839 metre length road side open drain (either kuccha or pucca drain) in different chainages and 11,933 metre with other kind of line drain.*
[108] *Covering 19,309 metre*

In reply (July 2017) the Department *inter alia* stated that ADDA had issued (February 2013) a percentage based Memorandum of Payment (MoP). The MoP, however, contained only the percentage breakup of ₹ 64.75 crore, being the lowest bid price.

The Department further stated that the excess payment of ₹ 7.30 crore required further computation and ADDA had been requested for the same[109]. The department, however, accepted the fact that downward revision of the contractual amount was not considered by ADDA.

The reply was not tenable, as the referred MoP was based on a faulty detailed BOQ submitted by the contractor and accepted by ADDA. Besides, the computation in audit was based on actual execution and applicable rates thereto which were duly ratified by EE, ADDA and not on MoP. This ruled out any scope for ambiguity in computation.

Thus, ADDA accepted the revised drawing for drainage works as proposed by the contractor which reduced the scope of work in deviation from the DPR. The financial implications of such deviations were, however, not considered. As a result, full contractual amount was released without any price adjustment on account of reduction in the scope of work. This was tantamount to extension of an undue benefit worth ₹ 7.30 crore to the contractor. This was despite the Executive Engineer objecting to the proposal on the grounds of possible maintenance problem in future. Responsibility may be fixed as undue benefit had been extended to the contractor.

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (ASANSOL DURGAPUR DEVELOPMENT AUTHORITY)

3.6 Unfruitful expenditure on a road project in Durgapur

Based on a faulty project report, Asansol Durgapur Development Authority started executing construction/ improvement of Durgapur Ring Road. The work was executed without obtaining statutory clearance from Forest Department and ensuring availability of land. Due to this the work was abandoned mid-way, rendering an expenditure of ₹ 4.69 crore unfruitful.

Rule 258 of the West Bengal Public Works Department Code provides that except in the case of emergent works such as repair of breaches, etc., no works should be started on land which has not been duly made over by the responsible civil officers. Further, as per provisions of the Forest Conservation (FC) Act, 1980 and subsidiary rules framed thereunder, prior approval from pertinent authority[110] must be obtained before use of any forest land for non-forestry purposes. If the scheme involves use of forest as well as non-forest land, work on non-forest land also has to be started only after approval for use of Forest land is obtained.

[109] *Further computation on the basis of comparison between the tender scope and actual execution*
[110] *Ministry of Environment & Forests, Government of India.*

Asansol Durgapur Development Authority (ADDA) took up construction of widening, improvement and maintenance of Durgapur Ring Road[111] over a cumulative length of 44.89 km.[112]. The approved (August 2009) cost was ₹ 94.92 crore under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Out of the said length of the proposed road, 36.890 km. passed either through forest land (9.401 km.) or private land (27.489 km.). In the Detailed Project Report (DPR), prepared by one private consultant[113] for ₹ 36.19 lakh, it was erroneously indicated that the road would run mainly through various semi-urban areas. As per DPR, the land belonged to ADDA. So, land acquisition for the project would not be required. ADDA accepted the DPR without checking the relevant land records before initiation of tender and execution of the work. After tender formalities, the work was awarded (June 2010) to a contractor[114] for ₹ 83.59 crore.

Records of ADDA showed that the contractor started executing the work in October 2010. However, after executing the earthwork and embankment work for a length of approximately 15 km. in different stretches, the work had to be stopped (June 2011). It was due to resistance from the private land owners[115] and the Forest Department[116]. The issue could not be resolved in spite of several correspondences with the authorities[117] and stakeholders in the absence of clearances from the Forest Department. It was observed that for the executed portions of the work, the contractor was paid ₹ 4.33 crore (August 2011). Due to failure to acquire the required land, ADDA authorities terminated (November 2012) the contract and abandoned (March 2013) the project. ADDA, thereafter, had not taken any further initiative to complete the balance work. It also did not impose any penalty on the private consultant for preparation of faulty DPR. Meanwhile, several authorities reported[118] that the condition of the existing stretches of road had deteriorated.

The Chief Executing Officer, ADDA, while accepted the facts (January 2018), stated that no extra payment was made except for the actual execution of the work. The Urban Development & Municipal Affairs Department, in turn forwarded (January 2018) the reply without offering any comments. The reply of ADDA was not tenable as abandoning the project mid-way had led to non-achievement of the objective of providing better connectivity along the Durgapur Ring Road. It also resulted in further deterioration of the road in its existing stretches. This fact was also corroborated by several authorities, local bodies and people in general, who demanded immediate repairing of the roads on several occasions.

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[111] *With design, construction and maintenance for two years of the two lane carriageway facility from Raghunathpur on SH-14 to Dhupchuria via Molandighi with an additional link from Akandara to Fuljhore and finally ending at Dhupchuria on NH-2.*

[112] *Scope of the work comprised three parts namely Part-A: Raghunathpur to Molandighi- 10.896 km., Part-B: Molandighi to Dhupchuria- 26.311 km. and Part-C: Akandara to Fuljhore-7.683 km.*

[113] *M/s Solo Consultancy Services*

[114] *M/s Banowari Lal Agarwalla Private Limited now BLA Projects Pvt. Ltd.*

[115] *Whose land was adjacent to the existing road*

[116] *For execution of road work passing through the forest area*

[117] *Forest Department, Durgapur Highway Sub-Division, SDL & LRO, BL & LRO, Sabhapati of PS, BDO, Gram Prodhan, etc. with intervention of Urban Development & Municipal Affairs Department (erstwhile Urban Development Department).*

[118] *AE, Durgapur Highway Sub-Division, EE, Burdwan Highway Division II, Pradhan, Ichapur GP, SDO, Durgapur, etc.*

Thus, acceptance of a DPR without checking its veracity and initiation of construction work without obtaining statutory clearances/ ensuring availability of encumbrance free land culminated in abandonment of work. Resultantly, the expenditure of ₹ 4.69 crore on the unfinished work became unfruitful.

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (ASANSOL DURGAPUR DEVELOPMENT AUTHORITY)

3.7 Failure of Municipal Solid Waste Management Project

The objective of scientific management of municipal solid waste covering Asansol Urban Agglomeration Area in Bardhaman district was not achieved. This was due to failure of Asansol Durgapur Development Authority and Asansol Municipal Corporation (i) in arranging for encumbrance-free land and (ii) non-supply of minimum guaranteed quantum of municipal solid wastes by urban local bodies.

Asansol Durgapur Development Authority (ADDA) conceptualised (2005) an Integrated Municipal Solid Waste Processing & Engineered Sanitary Landfill project. The purpose was to achieve a clean, pollution free environment[119] in the urban agglomeration area encompassing Asansol Municipal Corporation (AMC), Durgapur Municipal Corporation (DMC) and municipalities of Raniganj, Jamuria and Kulti in Bardhaman district. The project included setting up of three treatment plants (estimated cost: ₹ 11.37 crore) at Durgapur, Raniganj and Asansol and a centralised Sanitary Land Fill Facility (estimated cost: ₹ 15.40 crore) at Raniganj. A consortium of two private partners[120] were assigned (July 2008) with the works in a Public Private Partnership (PPP) model on BOOT[121] basis. An agreement[122] was signed (December 2008) among ADDA (the nodal agency), five[123] Urban Local Bodies and the PPP partners enumerating the *inter-se* obligations and responsibilities. As per the agreement, the PPP partners were to set up all the treatment and landfill facilities at their own cost (₹ 26.77 crore). Encumbrance free sites were to be provided by ADDA or ULBs concerned for this. The PPP partners were to run the operation and maintenance of the facilities at its own expenses. ADDA was to release a capital grant of ₹ 9.60 crore to the PPP partners. The corporations/ municipalities agreed to supply the minimum guaranteed quantum of municipal solid wastes (MSW) to the processing plants for their economically viable functioning. They were to pay tipping fees[124] to the partners at the rate of ₹ 85 for each metric tonne of MSW processed. The capacity of waste treatment facilities and name of municipalities responsible for sending waste are shown in **Table 3.7**.

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[119] *Mandatory as per Municipal Solid Wastes (Management & Handling) Rules, 2000 (MSW Rules) enacted by the Ministry of Environment & Forests, Government of India.*

[120] *M/s Gujrat Enviro Protection & Infrastructure Limited (GEPIL) and M/s Hanjer Biotech Energies (Durgapur) Pvt. Ltd. (Hanjer) who formed a consortium, GEPIL being the lead consortium member and Hanjer being consortium member.*

[121] *Build, operate, own and transfer for a period of 25 years.*

[122] *Concession Agreement is a negotiated contact between a company and a government that gives the company the right to operate a specific business within the government's jurisdiction, subject to certain conditions.*

[123] *Asansol Municipal Corporation, Durgapur Municipal Corporation, Raniganj Municipality, Kulti Municipality and Jamuria Municipality.*

[124] *The amounts payable by ULBs to private partners at a rate of ₹85 per Metric Tonne MSW supplied for processing of the same.*

Table 3.7: Capacity of processing facilities and municipalities responsible for sending wastes

Site of waste treatment facilities	Initial capacity of the processing facilities	Minimum guaranteed MSW to be supplied	Name of Municipalities responsible to provide guaranteed MSW
	Tonnes per day (TPD)		
Durgapur site	300	120	Durgapur Municipal Corporation
Raniganj site	150	60	Raniganj and Jamuria Municipality
Asansol site	300	170	Asansol Municipal Corporation and Kulti Municipality
	750	**350**	

Source: Records of ADDA

During audit scrutiny of records (June 2016 and April 2017) of ADDA, it was observed that ADDA released ₹ 8.41 crore to the PPP partners as capital grant between January 2010 and February 2013. It was observed that PPP partners established processing facilities at Durgapur and Raniganj[125]. Asansol site could not be developed for want of encumbrance-free land. The plants at Durgapur and Raniganj started functioning in 2010-11, but the same were shut down in October 2013 by the PPP partners. This was attributable to generation of insufficient revenue due to under-utilisation of waste processing capacity of the plants. Functioning of the Durgapur plant was also hampered by local disturbance. As of April 2017, MSW generated in all the corporations/ municipalities remained untreated defeating the very objective of the project as well as the MSW Rules, 2000.

Audit analysed (April-May 2017) the factors leading to the failure of the project. It threw light on various deficiencies on the part of the ADDA as well as the municipalities/ corporations concerned as discussed below:

- For setting up the waste treatment facilities at Asansol, Asansol Municipal Corporation had handed over two plots of land (December 2008 and June 2010) at two different sites[126]. Records showed that construction work at the first site had been stopped due to inaccessibility of the site, local disturbance and theft of materials. Construction could not be done in the second site on account of resistance of local people, encroachment, etc. The issue was repeatedly brought to the notice of the ADDA authorities (April 2010, May 2010, June 2010 and July 2010) by the PPP partners, however the same was not sorted out. ADDA identified another piece of Government land[127] and initiated (February 2010) the process of transfer of its possession for the project. However, before the same materialised, the partners had served[128] (June 2014 and October 2014) termination notice.

[125] *Including the sanitary landfill site at Raniganj*

[126] *Kalipahari, Mouza- Mohishila, J.L. No. 37, PS-Asansol (in December 2008) and Damra, Mouza-Kotaldihi, J.L. No. 38, PS-Asansol (in June 2010).*

[127] *Mouza-Asansol, J.L. No. 35, PS-Asansol*

[128] *The attributable reasons were: a) non-availability of plot for the treatment plant at Asansol and b) failure of concerned ULBs to provide the Minimum guaranteed quantity of Solid waste per day to the other two Waste Treatment Facilities in any given month, thereby affecting the economic viability.*

- Jamuria Municipality did not supply any MSW material to the treatment plant. Raniganj Municipality supplied 40 Tonnes per Day (TPD) of MSW against stipulated 60 TPD. Durgapur Municipal Corporation (DMC) supplied only 90 TPD of wastes against the guaranteed quantum of 120 TPD. Further, the materials actually supplied by DMC were found mixed with inert materials like materials of demolished building and silt from drains which caused damage to plant machineries.

Such shortfall or non-supply was mainly attributable to absence of a door to door collection system of waste materials, though stipulated in the MSW rules and other factors[129] like road connectivity, etc. As such, under-utilisation of the processing facilities adversely affected the economic viability of the project. This was also repeatedly flagged by the private partners.

The stalemate continued, though the ADDA authorities held meetings (November-December 2013) with all corporations/ municipalities and PPP partners. In December 2014, ADDA terminated the agreement and took over (December 2014) the possession of the processing plants and Sanitary Landfill Facility.

A third party[130] feasibility study (October 2015) was conducted by ADDA to assess the workability of the facilities at their present condition. It showed that all the created facilities at Raniganj and Durgapur were lying abandoned without any power connection. Many equipments and cables were reportedly missing. It was assessed that revival of the plants required re-installation of lost equipments, electrical facilities and capital maintenance involving substantial capital investment. No further development in this matter was noticed. During joint physical verification (April 2017) of Durgapur site conducted by Audit alongwith representatives of ADDA it was seen that the abandoned plant was being used as dumping place of raw MSW.

The Chief Executive Officer (CEO), ADDA, in June 2017 and again at the behest of the Finance Department in February 2018, also affirmed the fact of closure of the Raniganj and Durgapur plants.

Such dumping of untreated MSW in the open, in an uncontrolled manner, not only could affect the pollution levels but also pose environmental risks. This contention in audit was also corroborated from a Report on State of Environment, West Bengal, 2016 by the West Bengal Pollution Control Board. It indicated that uncontrolled open dumping of solid waste by the ULBs was polluting the ground water, surface water, air, etc. The Report also indicated that such uncontrolled open dumping posed environmental risks and could lead to degradation of the environment as well as adversely impact public health.

Thus, the objective of the solid waste management project covering Asansol Urban Agglomeration Area in Bardhaman district was not achieved. It was

[129] *Lack of road connectivity, from GT road to Raniganj Plant, of appropriate quality & inadequate infrastructure for collection of waste and bringing it to the plant site.*
[130] *Department of Earth and Environmental Studies of National Institute of Technology, Durgapur, a premier Technological Institution under Ministry of Human Resource Development, GoI.*

due to failure of ADDA and Asansol Municipal Corporation in arranging for encumbrance-free land coupled with non-supply of minimum guaranteed quantum of municipal solid wastes by urban local bodies.

The matter was referred to Government in June 2017; reply had not been received (February 2018).

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT (BURDWAN DEVELOPMENT AUTHORITY)

3.8 Laxity in approach coupled with extension of undue favour

Burdwan Development Authority (BDA) selected Bengal-Faith Health Care Private Limited (BFHCPL) for execution of Burdwan Health City project without ascertaining its financial capacity. There was laxity on part of BFHCPL in implementing the project. BDA did not take initiative to get the work done within the prescribed timeframe. This resulted in the project not starting even after more than 11 years since acquisition of land for the project.

Burdwan Development Authority (BDA) envisioned (April 2007) the Burdwan Health City project (project). The objective was to provide a reasonable level of health security[131] to persons belonging to the economically weaker sections (EWS). The project was to be undertaken through a Public Private Partnership (PPP) model. The project envisaged construction and development of an integrated Health City Complex spread over 60 acres of land in *mouza* Goda, Burdwan. The project components *inter alia* included setting up of a 150 bedded indoor general hospital as the anchor facility[132] with other health care services.

BDA awarded (February 2007) the project to a consortium[133] of Bengal CES Infratech[134] and Faith Healthcare Private Limited for implementing the project. As per Memorandum of Agreement (MoA)[135], BFHCPL was to conceptualise, design, mobilise, finance and complete the execution of the Health City project. The project was to be completed within a maximum period of five years from the date of handing over of encumbrance free land. The project was to be implemented in three phases.

The MoA, *inter alia,* stipulated that BFHCPL would

- set-up a 150 bedded indoor general hospital expandable to 500 beds as the anchor facility.
- provide 20,000 sq. ft. built up space to BDA free of cost for setting up Mother and Child Care Centre (MCCC).

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[131] *Such as health insurance coverage and subsidised treatment facilities*
[132] *Expandable to minimum 500 beds*
[133] *The consortium functioned under the name 'Bengal-Faith Health Care Private Limited' (BFHCPL)*
[134] *a joint venture of Consulting Engineering Services (CES) and WBIDC*
[135] *executed between BDA and BFHCPL*

- provide funds for payment of premium to BDA for Health Insurance Policy[136] and BDA would be the master policy holder in respect of such contributory insurance policy. In case the envisaged health facilities did not materialise[137], BFHCPL would provide the health insurance facilities through other health service providers.

- provide subsidised healthcare services to the families belonging to the Economically Weaker Section (EWS)/ Below Poverty Line (BPL)/ Other Deprived Persons (ODP) categories within the Burdwan Planning Area through the facilities to be created.

- market the developed plots[138] on behalf of the BDA and lease[139] them out to the intending lessees. They would receive the premium[140] to accrue on this account as per terms and conditions entered into with the BDA.

The examination of records in this regard disclosed the following:

- BDA acquired 57.24 acres of land and handed over possession of the land to BFHCPL in November 2006. The rationale for selection as offered by the BDA was that the bid submitted[141] by BFHCPL was the most responsive[142]. It was, however, observed that the bidders submitted technical and welfare bids only. This indicated that the financial capabilities of the bidders were not judged prior to selection.

- It was observed from Administrative Report of BDA for the year 2007-08 that the project cost of Phase 1 of the project was ₹ 250 crore. BFHCPL paid the cost of acquisition of the land. Phase 1 of the project was to be completed by November 2011. BFHCPL, however, did not prepare any Detailed Project Report (DPR) for execution of the project. Audit could not ascertain as to how in absence of any detailed plans and estimates, actual execution of the project was taken up. It was further observed that BFHCPL executed (January 2010) three lease deeds[143] with the BDA. In course of execution, BFHCPL was allowed five extensions upto September 2018 even though the extended deadlines were repeatedly surpassed by them. BDA allowed such extensions each time[144] even though the rate of progress had been very slow and the project remained incomplete as discussed below.

[136] *For the economically weaker sections/ population Below Poverty Line (BPL)/ other deprived persons (ODP) of the population belonging to the Burdwan Planning Area (BPA).*
[137] *Within the prescribed time frame*
[138] *The plots were to be developed for both residential and non-residential purposes. The facilities to be created included staff accommodation for Doctors, Eateries/ Restaurants, Mall/ Auditorium, etc.*
[139] *The lessee would be required to pay nominal annual lease rent to the BDA not exceeding ₹ 1 per sq. mt. of land in case of residential use and ₹ 10 per sq.mt of land in case of non-residential use.*
[140] *the terms and conditions did not elicit the mode of utilisation of the collected premium.*
[141] *Out of the eight bidders*
[142] *The criteria for responsiveness being that the bid was evaluated by an independent team of experts from IIT Kharagpur and IIM Joka.*
[143] *Included setting up of Mother and Child Care Centre, Trauma Care and Medical Research Centre and Common Services Area under phase-1 of the project.*
[144] *with the latest being upto December 2017*

A joint physical verification of the site was conducted (August 2017) by Audit with an officer of the BDA. It was noticed that the construction work in the project site was limited to erection of a partially completed Trauma Care and Medical Research Centre (TCMRC) only. A make shift outdoor health clinic was running[145] in that TCMRC. The construction of indoor wards was incomplete and consequently no indoor facility commenced. The works in respect of Mother and Child Care Centre (MCCC) or Common Services Area (CSA) were yet to be taken up and vast areas of the project land were lying vacant.

- It was observed that consequent upon non-completion of the intended health facilities within the prescribed time-frame, a premium of ₹ 9.75 crore was recoverable[146] from BFHCPL. BDA did not prepare the beneficiary list and consequently transmit the same to BFHCPL. This allowed the BFHCPL to avoid the payment of premium. As a result, the intended beneficiaries were deprived of the benefits of the scheme.
- The works[147] relating to phase 2 and phase 3 of the project were not taken up at all. The construction of the indoor general hospital, the anchor facility, did not materialise at all. The attributable reason as cited by BFHCPL being lack of financial resources. This corroborated the audit contention that assessment of financial capacity of the bidder was a prime pre-requisite. Moreover, absence of a DPR denied Audit the scope to fathom the financial and physical commitments envisioned under these phases of the project. Further, as the works were not taken up the scope of generation of additional revenue through lease rent did not materialise.
- The MoA further stipulated that on failure to meet the agreed schedule for execution of the work, BFHCPL was liable to pay penalty of 0.1 *per cent* of the cost of the unfinished portion[148]. There was no recovery of penalty, though the prescribed deadlines were never adhered to by BFHCPL. In absence of the DPR, Audit could not ascertain the actual penalty payable by BFHCPL.

Thus, laxity on the part of BFHCPL regarding execution of the project led to the project not starting even though more than 11 years had elapsed since acquisition of land for the project. There was lack of initiative on BDA's part to get the work done within the prescribed timeframe. The financial capacity of BFHCPL was not assessed prior to awarding the contract. BDA allowed repeated extensions of the timelines and failed to levy penalty for lack of adherence to the extended timelines. It was tantamount to extending undue favour to the BFHCPL. The concessional health facilities and health insurance facilities did not reach the targeted beneficiaries till date. BDA also lost the scope to generate additional revenue through lease rent due to non-execution of the subsequent phases of the project.

The matter was referred to Government in December 2017; reply had not been received (February 2018).

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[145] *Only seven doctors were conducting outdoor consultations once or twice a week for one to two hours.*
[146] *On account of the Health Insurance Policy*
[147] *Included setting up of the anchor facility of the indoor general hospital reduced to 350 beds.*
[148] *For every three months' delay in completion/ commissioning*

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.9 Unproductive expenditure on water supply scheme

Residents of Uttar Latabari, Jalpaiguri and Parmadan and Pathuria *mouza* of North 24 Parganas remained deprived of safe drinking water as the concerned PHE Divisions initiated execution of water supply projects without ensuring clear title of the work sites. This also rendered the expenditure of ₹ 2.54 crore on the unfinished works unproductive.

Rule 258 of the West Bengal Public Works Department Code provides that except in the case of emergent works such as repair of breaches, etc., no works should be started on land which has not been duly made over by responsible civil officers.

However, records of two divisions of PHE Directorate showed following two instances where initiation of work on private land, without obtaining the title on the same led to stoppage of work mid-way. This rendered an expenditure of ₹ 2.54 crore on the unfinished works unproductive.

(A) Public Health Engineering Department (PHED) accorded administrative approval (April 2003) for a water supply scheme at an estimated cost of ₹ 1.18 crore (Civil works: ₹ 109.19 lakh and Mechanical/ Electrical works: ₹ 8.60 lakh). The objective was to provide potable water to the residents of Uttar Latabari town at Kalchini, Jalpaiguri. The civil components of the scheme included sinking of four tube wells at four different locations, construction of one switch room at each location, one overhead reservoir having capacity of 454 cubic metre at main worksite, rising main[149], distribution system, etc. The mechanical part comprised of installation of pumping machinery in four tube wells with electrical energisation[150]. The site for the work was to be arranged by Kalchini Panchayat Samity. The work was to be completed within three years. Availability of land for construction of OHR free of cost was also assured by the Sabhadhipati, Jalpaiguri Zilla Parishad at the time of preparation of Detailed Project Report (DPR). The PHED accorded administrative approval of the project in consideration that requisite plots of land would be provided free of cost by the Sabhadhipati, Jalpaiguri Zilla Parishad.

Audit scrutiny (June 2016) of the records of the Executive Engineer, Jalpaiguri Division, PHE Directorate showed that the division had taken up the work of overhead reservoir (OHR). The work was taken up on a plot of private land earmarked by Pradhan, Latabari Gram Panchayat[151] without formally acquiring it or ensuring clear title on the land.

It was further seen that in course of execution of the project, the owner of the land on which the OHR was constructed prayed for compensation for the land. The PHED referred the matter to the Land Acquisition authority in

[149] *Rising Main: A vertical pipe that rises from the ground to supply mains water*
[150] *Electrical energisation: Refers to providing electric supply*
[151] *of Kalchini Block*

February 2012. The residual work[152] remained stalled after incurring an expenditure of ₹ 1.02 crore[153] upto July 2012.

During joint physical inspection[154] of the sites (May 2016), the whole water supply scheme was seen lying incomplete and idle. The status of work was as below:

- Sinking of tube wells at four different locations were complete. The overhead reservoir at the main worksite[155] was built. However, pumping machineries were yet to be installed at that location.
- At second worksite[156], pumping machinery were installed. However, construction work for raising main was yet to be undertaken.
- At the third worksite[157] pumping machineries were installed. However, due to leakage and non-completion of distribution system water could not be extracted.
- At the fourth worksite[158], no pumping machinery was installed.

In reply, the PHED stated (December 2017) that all the works of the scheme (except for the 4th tube well) were commissioned in January 2017 and the inhabitants of the area were getting the benefit of the scheme. The commissioning of the 4th tube well was to be done after disposal of litigation regarding acquisition of land.

After receipt of the reply, further joint physical verification (January 2018) of sites was conducted by an Audit team alongwith the Asstt. Engineer, Alipurduar Sub-Division, PHE Directorate. It disclosed the following:

- Out of four pumps, only two pumps were installed at Rabindranagar and Netaji Palli. The pump at Netaji Palli functioned[159] on trial basis and stopped functioning in September 2017 due to damage of electric meter.
- The other two pumps were not installed at OHR site of Netaji Palli and Depot Para. Hence, there was no scope to provide electrical connectivity to these pump sets.

From the DPR it was noticed that to meet the daily water demand, all the four tube wells required pumping of eight hours per day. However, the pumps did not function properly. Moreover, the OHR remained unutilised in absence of installation of the pump set with electrical connectivity. This was due to lack of availability of land with clear title.

(B) The PHE Department proposed a ground water based piped water supply scheme in the year 2006-07 at an estimated cost of ₹ 2.19 crore (Civil works: ₹ 180.07 lakh and Mechanical/ Electrical works: ₹ 38.86 lakh).

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[152] *installation and linkage of pump set, etc.*
[153] *Civil Part ₹90.45 lakh and Mechanical/ Electrical part ₹11.73 lakh*
[154] *Comprising an audit team and Asstt. Engineer, Alipurduar Sub-Division, PHE Directorate*
[155] *in Netaji Palli*
[156] *in Rabindranagar*
[157] *in Netaji Palli*
[158] *in Depot Para*
[159] *From January 2016, for 30 minutes per day.*

The objective was to provide Arsenic free potable water facility to the residents of Parmadan[160] and adjoining Pathuria *mouza* in North 24 Parganas. The main components of the scheme under civil works were (i) sinking of two tube wells, (ii) one overhead reservoir (OHR) having capacity of 250 cubic metre at main worksite, (iii) rising main, and (iv) distribution system along with provision for Arsenic treatment plant. The mechanical works included installation of pumping machinery in two tube wells along with electrical energisation.

A provision for 27 *cottah*[161] of land, that was to be acquired from private parties for this purpose, was made in the Detailed Project Report (DPR). Consent regarding availability of land was obtained from the respective local authorities[162]. The work was awarded (June 2009) for erection and commissioning of ground water based piped water supply scheme. It included three months' trial run and five years' operation and maintenance at a cost of ₹ 1.97 crore. The project was to be completed by the agency in 18 months.

Scrutiny (January 2017) of the records of the Executive Engineer, North 24 Parganas Water Supply Division-I disclosed that all major construction works were completed by the agency by March 2013. Payment of ₹ 1.52 crore was released to the agency. During scrutiny, it was noticed that proposal for acquisition of required land was initiated in the year 2009 itself and land details were sent to the PHED for necessary cabinet approval. However, the land acquisition process could not materialise by November 2014. Meanwhile, the State Government issued a new land acquisition policy for acquisition of land by direct purchase from land owner in November 2014. Due to this, the LA case got lapsed and the procedure of acquisition of land was started afresh. Again all the records related to acquisition of the land was forwarded (April 2015) to the District Magistrate and chairperson of Land Purchase Committee. Meanwhile, the land owners, remaining deprived of the land value for such a long period, created hindrances in the entry to the project site. This led to stalling of the project.

In reply, PHED stated (December 2017) that work of the scheme 'Energisation and commissioning of the first tubewell' was completed and the scheme was commissioned in June 2017. The inhabitants of the entire command area were getting water supply under the scheme. The work of 'Energisation and commissioning of the second tube well', however, could not commence as the approval for the land acquisition[163] was yet to be received from the competent authority.

In this context, reference is drawn to the DPR which contained that for meeting the ultimate daily water demand, both the tube wells required pumping of 16 hours per day. However, it was observed during site inspection (January 2018) that out of the two pumps, one was operated only on trial run

[160] *Parmadan is located in the northern part of North 24 Parganas district. The scheme included two mouzas under Bagda block, the area is affected by the problem of Arsenic contamination in ground water.*
[161] *A measure of land*
[162] *The Pradhan, Sindrani Gram Panchayat and Sabhadipati, Bagda Panchayat Samity*
[163] *The proposal for cabinet approval, regarding acquisition of 0.40 acres of land for Parmadan project, was forwarded to Special Secretary, PHED in November 2017, approval is awaited as of date.*

basis for intermittent period of time each day. This restricted any scope to store water in the Over Head Reservoir. The other pump was yet to be put to use due to absence of electrical connectivity. Moreover, the second tube well could not be commissioned, as approval of the competent authority for acquisition of land was awaited. Absence of encumbrance free land coupled with minimal functioning of the pump sets did not corroborate the reply that the entire command area was getting water supply under the scheme.

Thus, the PHE divisions started execution of water supply projects on the basis of assurance of local bodies without ensuring clear title of the work sites. Besides, there was undue delay in acquisition procedure leading to dissatisfaction among the land owners. All these culminated in stalling of the projects mid-way. This had not only rendered an expenditure of ₹ 2.54 crore on the unfinished works unproductive, but also deprived the targeted population of safe drinking water for years together.

HEALTH & FAMILY WELFARE DEPARTMENT

3.10 Excess payment on cleaning services

The authorities of both NRS Medical College & Hospital and the School of Tropical Medicine allowed excess payment of ₹ 1.67 crore on cleaning services during March 2015 to February 2017.

The Medical Superintendent-cum-Vice Principal (MSVP), NRS Medical College & Hospital (NRSMCH), Kolkata had engaged[164] (September 2014) a private agency[165] for outsourcing of cleaning and housekeeping services at NRSMCH for the period 2014-17 (from October 2014). As per the agreement, the agency was to engage 376 personnel for cleaning and housekeeping services. The hospital authority was liable to pay the minimum wage[166] as notified by the Labour Department from time to time[167], statutory charges and management fee[168] to the agency. The notifications of the Labour Department stipulated that the daily rate was to be arrived at by dividing the monthly rate by 26.

Audit scrutiny (November 2016) of the records of the NRSMCH showed that the agency, while submitting its claims, calculated the daily rate as per norms (*i.e.* by dividing the stipulated monthly wage by 26). The agency, however, for arriving at monthly rate multiplied the daily rate with actual number of days of the month (*i.e.* by 28 to 31 days). As a result, the claim of the agency for a month surpassed the monthly amount admissible[169] as per the agreement. Such incorrect application of Labour Department notifications resulted in undue

164 *Under the instruction (April 2014) of the Health and Family Welfare Department*
165 *M/s Asiad Detective Bureau*
166 *The Labour Department periodically notified minimum rate of wages applicable to different categories (Unskilled, Semi-Skilled, Skilled and Highly Skilled) of employees in clinical nursing home in the State.*
167 *July 2014 (July 2014 to December2014), July 2015 (July 2015 to December 2015), January 2016 (January 2016 to June 2016), June 2016 (July 2016 to December 2016) and December 2016 (January 2017 to June 2017).*
168 *Statutory charge: 18.36 per cent of the wages and Management Fees: 7.3 per cent of the wages*
169 *Monthly minimum rate of wages as notified by Labour Department, GoWB includes the wages for weekly day of rest.*

claim of wage for additional two to five days per month per person. The hospital authorities did not detect the erroneous interpretation of extant Government directives by the agency and continued to pay the bills. As a result an excess payment of ₹ 1.48 crore during March 2015 to February 2017 was incurred. The same agency did not claim such additional wage[170] from two other medical college and hospitals during the same period, though the agreed terms of payment for all these hospitals were same.

Similar erroneous application of Government directives was also noticed (March 2017) in School of Tropical Medicine (STM), Kolkata. It was observed that the Director, STM paid an excess amount of ₹ 0.19 crore during September 2015 to January 2017 to another agency[171] towards cleaning services.

Thus, the authorities of both NRS Medical College & Hospital and the School of Tropical Medicine failed to detect the erroneous interpretation of the extant Government directives by the contractors. They allowed excess payment of ₹ 1.67 crore[172] on cleaning services during March 2015 to February 2017.

The matter was referred to Government in June 2017. Reply had, however, not been received (February 2018).

GENERAL

3.11 Cash management in Government Departments

Deficient cash management by Drawing & Disbursing Officers led to cash amounting ₹ 1.90 crore not being physically available, though included in the cash balance. This was facilitated by drawal of funds in excess of immediate needs and prolonged retention of the undisbursed cash. The practice was fraught with the risk of misappropriation of public money.

West Bengal Treasury Rules (WBTR) provide that:

- 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 & Disbursing Officer (DDO);
- Cash book is required to be closed every day and 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; and
- Bills and date-wise analysis in respect of closing balance are also to be recorded.

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[170] *The same agency was also engaged in cleaning services in R G Kar Medical College & Hospital (engaging 344 personnel) and Bardhaman Medical College & Hospital (engaging 249 personnel). In these two hospitals, claims were raised based on the minimum rate of monthly wages notified by the Labour department.*

[171] *M/s Zed Plus Security Guard and Cleaning Services*

[172] *₹1.48 crore plus ₹ 0.19 crore*

Scrutiny of records of 16 DDOs in nine[173] districts including Kolkata showed instances of retention of heavy cash balance. Moreover, there were instances of unauthorized utilization of the undisbursed cash by the DDOs, as elaborated in the succeeding paragraphs. Evidently, the above WBTR provisions were not complied with. This practice was not only a financial irregularity by itself, but also can potentially lead to irregularities of more serious nature, like misutilisation or misappropriation of Government money.

Physical verifications of cash available in the cash chests were carried out by those 16 DDOs under seven Departments at the instance of Audit on various dates during April 2016 to April 2017. On those dates, aggregate Cash Book balance with those DDOs stood at ₹ 10.27 crore. However, on physical counting, it was seen that only ₹ 8.37 crore was available in the cash chests of those DDOs. Thus, there was a cash shortage of ₹ 1.90 crore. The DDO-wise position has been shown in ***Appendix 3.3***. Of this shortage,

- Unadjusted vouchers and undisbursed cheques not produced before Audit accounted for ₹ 0.70 crore. Besides, ₹ 0.15 crore represented advances unauthorisedly given from undisbursed cash for various purposes. As the amounts remained outside the cash book, this practice was fraught with risk of serious financial malpractices.

- The overall shortage included unexplained shortage of ₹ 1.04 crore under eleven DDOs[174] including a case[175] of defalcation of ₹ 3.48 lakh.

- It was observed that three DDOs[176] produced lapsed cheques of ₹ 0.69 crore before Audit as physical cash balance. Steps need to be taken either to revalidate these lapsed cheques or attempts to be made to remit/ refund the amount to the proper Heads of Account/ person or authority. Further, out of ₹ 0.69 crore, cheques amounting to ₹ 3.53 lakh[177] were reported as missing.

Cases of non-adherence to the provisions of financial rules by DDOs have been pointed out repeatedly by Audit in earlier years. However, neither the DDOs nor the respective controlling officers could ensure recovery/ replenishment of the shortages or adjust/ settle the issues till date. Such irregularities, rather, continued indicating lack of control and monitoring at any level.

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[173] *Howrah (two offices), Kolkata (seven offices), Murshidabad (one office), Dakshin Dinajpur (one office), Darjeeling (one office), Uttar Dinajpur (one office), Jalpaiguri (one office), Hooghly (one office) and Purba Medinipur (one office).*

[174] *CMOH, Howrah; MSVP, Medical College & Hospital (MCH), Kolkata; Principal, Nursing Training School, Dakshin Dinajpur; Principal, B C Roy Post Graduate Institution of Paediatric Science, Kolkata; Registrar General, High Court, Appellate Side; Pr. Secretary, Finance Department; Superintendent of Police, Darjeeling; District Magistrate, Jalpaiguri; SDO, Chandannagore, Hooghly; SDO, Haldia, Purba Medinipur and Pr. Secretary, Minority Affairs and Madrasah Education Department.*

[175] *District Magistrate, Jalpaiguri*

[176] *Registrar General, High Court, Appellate Side, District Magistrate, Howrah and Pr. Secretary, Finance Department, Government of West Bengal.*

[177] *Registrar General, High Court, Appellate Side*

Retention of old vouchers as a part of cash balance calls for serious attention of the Government. The possibility of replenishment of cash by drawing bills from treasury against these vouchers is remote. Similarly, immediate actions need to be taken either to adjust or to recover amounts advanced to different staff unauthorisedly out of cash balances.

All these irregularities were facilitated by drawal of funds from treasury without need for immediate disbursements and retention of the undisbursed cash for prolonged periods by the DDOs.

Thus, non - adherence to the provisions of Treasury Rules and inadequate internal control over drawal and disbursement of cash by the DDOs continued to be a matter of concern. This had left the Department exposed to the risk of possible misappropriation of public money.

The matter was referred to Government in October 2017; reply had not been received (February 2018).

Kolkata
The 14 JUN 2018

(AMAR PATNAIK)
Principal Accountant General
(General and Social Sector Audit)
West Bengal

Countersigned

New Delhi
The 18th June, 2018

(RAJIV MEHRISHI)
Comptroller and Auditor General of India