

## OVERVIEW

This Report covers matters arising out of audit of State Government Departments and Autonomous Bodies under the Economic Sector.

There are 67 Departments at the Secretariat level headed by Additional Chief Secretaries/Principal Secretaries/Secretaries who are assisted by Directors/Commissioners/Chief Engineers and subordinate officers under them. This report covers the functioning of 27 Departments of the Economic Sector.

A summary of the important audit findings is presented in this overview.

### Performance Audit

#### *Implementation of Renewable Energy Programme in West Bengal*

**Power generated from Renewable Energy (RE) sources contribute to better air quality, reduce reliance on fossil fuels and curb global warming. In 2016, GoI revised the targets for RE capacity addition to 175 GW by 2021-22 in line with the commitments made in the Paris Accord. The Department of Power & Non-Conventional Energy Sources, GoWB implements the RE Programme through two nodal agencies and two other implementing agencies.**

The Performance Audit was conducted between February and June 2017 covering the Audit period from 2012-13 to 2016-17.

Highlights of the important audit findings are given in the succeeding paragraphs:

- The Government assessed the RE potential arbitrarily and incorporated these in the RE Policy without actual on-ground verification/study. Lack of clarity on actual potential hampered the preparation of realistic targets and setting realistic goals for increasing the RE in the State.

*(Paragraph 2.6.1)*

- Only ₹ 417.47 crore (9.10 per cent) was allocated by the State Government for implementation of RE projects against the estimated requirement of ₹ 4610 crore in the State Action Plan for Climate Change during 2012-17. Out of this only 17.74 per cent was utilised as on March 2017.

*(Paragraph 2.6.4)*

- West Bengal Green Energy Development Corporation Limited failed to take any steps for promotion of private sector investment and its involvement in developing RE. It also failed to assist developers of RE projects in obtaining incentives.

*(Paragraph 2.6.6.2)*

- Only 35.18 MW (4.15 per cent) capacity of RE was added, against the target of 847 MW set in the RE policy, during the 12th Five Year Plan (FYP) period (2012-17).

*(Paragraph 2.7.1)*

- The RE policy, identified 450 MW of wind power potential in the State with a target of installation of 73 MW during 12th FYP period. There were no achievements against this target.

*(Paragraph 2.7.1.1)*

- The RE policy stipulated installation of 123 MW during 2012-17 in hydropower sector. However, no hydropower capacity was created during the period.

*(Paragraph 2.7.1.2)*

- Only three biomass projects and one ‘waste to energy’ project was planned during the 12<sup>th</sup> FYP period. No project was taken up in co generation<sup>1</sup>. Thus, only two *per cent*<sup>2</sup> of targeted capacity was achieved from these three RE sources.

*(Paragraph 2.7.1.3)*

- West Bengal Renewable Energy Development Agency (WBREDA) diverted (between December 2015 and February 2016) ₹ 4.67 crore to four local bodies from the unspent funds meant for RE projects, without obtaining any sanction of the Department.

*(Paragraph 2.8.2)*

- Renewable Purchase Obligation (RPO)<sup>3</sup> targets fixed by West Bengal Electricity Regulatory Commission (WBERC) were lower than that fixed in the National Action Plan for Climate Change. None of the distribution companies could even achieve this lower target. They were not penalised for this by WBERC.

*(Paragraph 2.9.1)*

- The State could avail only ₹ 7.89 crore (0.16 *per cent* of the total approved grant for all the States) as incentive grant by GoI due to poor achievement in capacity addition of RE (11.60 MW). It also failed to utilise the grant even after a lapse of 30 months from the date of receipt.

*(Paragraph 2.9.3)*

- The Department and its agencies have not evolved any separate monitoring mechanism to monitor and evaluate the implementation of different RE projects taken up during 2012-17 so as to fulfil the objectives and achieve the targets/ goals set in the RE Policy.

*(Paragraph 2.11.3)*

**In spite of huge potential of renewable energy in the State, the achievement was very poor. This was due to (i) deficiency in the policy and absence of suitable strategy to implement the policy objective; (ii) poor implementation; (iii) non-conducive Tariff and regulatory mechanisms relating to purchase and sale of RE; and (iv) inadequate monitoring.**

## **Compliance Audit**

### **Adherence to Quality Control norms in Road Works**

The Schedule of Rates of the Public Works Roads Directorate provides a list of mandatory tests to be conducted prior to execution as well as during the execution of the work to ensure quality in road works. Public Works (Roads)

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<sup>1</sup> Cogeneration means a process which simultaneously produces two or more forms of useful energy including electricity from a single fuel source.

<sup>2</sup> Achievement of 11.1 MW against the target of 553 MW (224+43+286) = 2 *per cent*.

<sup>3</sup> RPO means obligation to purchase electricity from renewable and co-generation sources by a distribution company.

Directorate (PWRD) under the Public Works Department (PWD) is responsible for construction and repair of roads within the State.

Audit of the processes prescribed and compliance thereof to ensure quality in road construction was conducted between November 2016 and June 2017 covering a period of six years (2011-12 to 2016-17) in 12 selected divisions. On the basis of value of the work, 71 works worth ₹ 944.65 crore, executed under these divisions were selected for detailed audit.

The highlights of the audit findings are as follows:

- In respect of 40 works valued at ₹ 514.74 crore, topographical surveys, as required, were not done. This led to erroneous planning and designing of roads.

*(Paragraph 3.1.6.1)*

- In respect of 50 selected works, roads were designed without authenticated soil investigation data. Instances of premature damage of roads were found, indicating inadequate soil investigation prior to designing.

*(Paragraph 3.1.6.2)*

- Norms of traffic census were not followed in any of the 63 works where it was conducted. The reliability of the traffic census could not be ascertained as the Divisions failed to provide the field reports of the traffic count while designing the road in 61 works.

*(Paragraph 3.1.7.1)*

- Designing of roads were not as per the norms as required thickness of bituminous layers for strengthening was not assessed before taking up in respect of five works valuing ₹ 21.47 crore.

*(Paragraph 3.1.9.1)*

- Three road works valued at ₹ 8.73 crore were executed during March-August 2011. The same roads were strengthened again in April 2015, i.e., six years before completion of their design life, at a cost of ₹ 6.72 crore, without valid justification.

*(Paragraph 3.1.9.2)*

- Suitability of the soil to be used in the work was not ensured. In 26 works involving earthwork valued at ₹ 18.01 crore, the Division did not check the quality of the earth.

*(Paragraph 3.1.10)*

- Quality of the materials of the granular layers was not checked. In the selected works, where cost of granular items was ₹ 221.31 crore, none of the recommended tests were done to check the quality of the materials of the granular layers.

*(Paragraph 3.1.11)*

- Required quality checks of materials used in 152 bituminous items costing ₹ 444.58 crore, were conducted only in respect of 39 items. It was not conducted at all in respect of 29 items and in remaining 84 items the tests were conducted partially (52 per cent not done).

*(Paragraph 3.1.13)*

- Quality control during execution of bituminous works for 15 works valued at ₹ 15.14 crore was not ensured. Instances of early damage of these roads were found where required tests were not done resulting in wasteful expenditure of ₹ 126.90 crore.

*(Paragraph 3.1.16)*

- Infrastructure for proper quality control and monitoring was deficient. Road and Bridge Research Institute was not in a position to carry out its functions due to shortage of manpower. Site laboratories were not equipped with the required instruments to test the quality of bitumen.

*(Paragraph 3.1.17)*

- The divisions released payment against the running bills in respect of 52 works costing ₹ 543.85 crore without ensuring quality of implementation.

*(Paragraph 3.1.19.5)*

**Quality control norms relating to topographical surveys, soil investigations, traffic survey and the design criteria were not followed. Quality of material viz. earth, stone aggregates and bitumen, used in works, was not ensured. Monitoring of the projects was weak and the infrastructure for quality testing was inadequate. Instances were noticed where roads were damaged within the design life and defect liability period. As such, the quality control system for ensuring durable roads within the resources available to the Department was found to be inadequate.**

### **Implementation of West Bengal Incentive Scheme**

Government of West Bengal introduced (June 2007) a scheme called West Bengal Incentive Scheme 2007 (WBIS-2007) with the objective of extending incentives for promotion of micro and small scale enterprises in the State. This scheme was valid till March 2013. With the aim to further focus on development of backward regions of the State, a new incentive scheme was sanctioned (February 2014) called West Bengal Incentive Scheme 2013 (WBIS-2013), valid till March 2018. West Bengal MSME Policy was also introduced in August 2013 to make the State emerge as the MSME leader in the country. Audit studied the implementation of the scheme for the period from 2012-13 to 2016-17.

Highlights of audit findings are as follows:

- DIC Siliguri disbursed (between February 2012 and March 2017) ₹ 4.22 crore to two enterprises as additional subsidy meant for enterprises wholly owned by women, whereas these enterprises were owned by male partners.

*(Paragraph 3.2.3.1)*

- Incentives of ₹ 92.51 crore were disbursed to 88 enterprises in excess of the limits prescribed in MSME Policy of the State.

*(Paragraph 3.2.3.4)*

- For the purpose of development of MSMEs through grant of incentives, the State was categorized in four zones (A, B, C and D) on the basis of the industrial development and backwardness. In the WBIS (both schemes) incentives disbursed for Zone C and D were less as compared to Zone A and B.

*(Paragraph 3.2.4)*

**Grant of incentives violated the state policy/guidelines. Ineligible and closed enterprises were allotted incentives. Further, payments were made in excess of the limits prescribed in MSME policy. The schemes failed to attain the objectives of encouraging enterprises in the backward regions of the state as enterprises in the more developed areas were granted higher quantum of incentives.**

### **Compliance Audit Paragraphs**

Some important findings arising out of Compliance Audit (10 paragraphs) are featured in the Report. The major observations relate to failure of the departments to comply with rules and regulations, cases of expenditure without adequate justification and failure of oversight. Some of them are mentioned below:

- Midnapore Highway Division under Public Works Department (PWD) designed Lalgah-Ramgarh Road with insufficient crust thickness owing to which the road was damaged within two and half years against the design life of ten years. This led to wasteful expenditure of ₹ 2.89 crore.

*(Paragraph 3.4)*

- Superintending Engineer, Western Highway Circle-I (PWD) failed to protect the newly laid BM surface of Saptagram-Tribeni-Kalna-Katwa Road with a wearing course<sup>4</sup>. This led to avoidable expenditure of ₹ 2.56 crore.

*(Paragraph 3.5)*

- Due to deficient soil tests of the subgrade level by Birbhum Division (PWD), the newly laid Granular Sub Base<sup>5</sup> and Wet Mix Macadam<sup>6</sup> layers of Suri- Sainthia road had to be removed and re-laid. This resulted in wasteful expenditure of ₹ 1.01 crore.

*(Paragraph 3.7)*

- West Bengal State Agricultural Marketing Board entered into a short-term non-renewable lease agreement with Kolkata Port Trust, for construction of a farmers' market. The objective of the project remained unachieved even after expiry of nine years of lease term, which resulted in unfruitful expenditure of ₹ 5.10 crore incurred on lease rent and construction of the market.

*(Paragraph 3.9)*

- Micro, Small and Medium Enterprises & Textiles Department did not ensure compliance to the General Financial Rules in execution of the project of setting up of a Common Facility Centre. Due to non-compliance and delay in execution, that project could not be completed. This resulted in blockage of funds of ₹ 4.97 crore.

*(Paragraph 3.10)*

<sup>4</sup> *The top layer of a road surface which is worn down by traffic.*

<sup>5</sup> *Granular Sub base is the layer of aggregate material (crushed stone, crushed slag or concrete) laid on the subgrade (the soil base).*

<sup>6</sup> *Wet Mix Macadam (WMM) is a commonly used process in road construction. The aggregates and binding material are mixed with water. This mix is laid and rolled for compaction.*

- Hooghly River Bridge Commissioners (HRBC) decided to execute Rajarhat-Madhyamgram road work on intermittent stretches, without ensuring availability of required land. This imprudent decision led to unfruitful expenditure of ₹ 8.76 crore incurred on construction of unusable road including wasteful expenditure of ₹ 1.38 crore due to defective execution.

***(Paragraph 3.11)***

- Hooghly River Bridge Commissioners (HRBC) released the entire payment to the contractor without ensuring proper functioning of the newly installed illumination system. It also did not take any initiative to make the system operational after termination of the contract, which led to wasteful expenditure of ₹ 3.98 crore on the non-functional illumination system.

***(Paragraph 3.12)***