issued (March 2010) instruction to all the DIs (SE) to deduct TDS at a rate of 10 *per cent* during payment of service charges to the banks. It was noticed in test-check that TDS had been deducted during the payment of service charges on disbursement of school salary only from 2010-11 onwards. Income tax authority, however, claimed (December 2010) penal interest for non-deduction of TDS for 2007-2010. DI (SE), Bardhaman paid ₹ 42.16 lakh as penal interest instead of deducting the same from the service charges payable to the banks.

The department (July 2014) stated that the matter would be taken up with the bank authority and the amount paid as penal interest would be adjusted from the future service charges of the bank.

SCHOOL EDUCATION DEPARTMENT

3.8 Undue favour extended to contractor in construction of Nivedita Bhawan

West Bengal Board of Secondary Education extended undue favour to the contractor by allowing irregular price adjustment of ₹ 96.44 lakh in construction of its office building (Nivedita Bhawan).

School Education Department accorded (June 2007) administrative approval to the West Bengal Board of Secondary Education (Board), a body corporate under its administrative control, for construction of an eight storied office building (Nivedita Bhawan) at its premises at Salt lake, Kolkata. The contract[104] for construction of eight storied super-structure was awarded to a contractor for ₹ 6.32 crore. Construction of main building commenced in November 2007 and the work[105] was completed in March 2011 at an expenditure of ₹ 7.29 crore which included cost of ₹ 96.58 lakh towards escalation.

Detailed scrutiny of the escalation cost reimbursed to the contractor revealed that payment amounting to ₹ 96.44 lakh was irregular due to reasons indicated below:

(i) An amount of ₹ 83.18 lakh was paid towards price adjustment for the first 50 *per cent* of the work value which was not payable as the contract specifically stipulated that no price adjustment would be applicable for the first 50 *per cent* value of the work.

(ii) Even for value of work subsequent to the first 50 *per cent* it was noticed that an excess amount of ₹ 13.26 lakh was paid as price adjustment due to incorrect adoption of the All India Whole Sale Price Index as detailed in ***Appendix 3.10***.

Thus, payment of ₹ 96.44 lakh to the contractor as price adjustment was irregular.

The matter was referred to Government in August 2014; reply is, however, awaited (January 2015).

[104] *The ancillary works like sanitary & sewerage, electrification & power supply, lift installation, fire fighting system, etc. were got done through separate contracts*

[105] *except auditorium to be constructed at the eighth floor of the main building*

Appendix 3.10

(Refer paragraph 3.8, page 151)

Undue favour extended to contractor for value of work subsequent to first 50 *per cent* work

(Amount in ₹)

Sl. No.	R.A Bill No.	Date	Value of TMT steel since previous bill	Actual compensation paid on TMT steel since previous bill	Value of RCC work since previous bill	Actual compensation paid on RCC work since previous bill	Value of Brick work since previous bill	Actual compensation paid on brick work since previous bill	Gross value of these work executed during the Qtr. (W)	All India W.P.I of all commodities for the Qtr. in which 50 % value of work is completed (M0)	All India W.P.I of all commodities for the Qtr. under consideration (M1)	Increase/ Decrease in the cost of work executed during the Qtr. Vm=0.85 X (60/100) X W X {(M1-M0)/M0}
1	2	3	4	5	6	7	8	9	10	11	12	13
1	upto 6	18/11/2008	10203560.00	5319796.00	11976125	2362888.89	873648.20	129338.22	23053333.21			
2	7	31/12/2008	659611.50	414611.00	1024141.50	202063.12	465257.21	68845.61	2149010.21			
50 % value of work *i.e.* ₹ 32018109.00 attained in 7th RA Bill												
upto 50 % in 7th RA Bill			487094.62	306172.30	756284.29	149214.89	343572.37	50840.25	1586951.28			
After 50 % in 7th RA Bill			172516.88	108438.70	267857.21	52848.23	121684.84	18006.36	562058.93	126.70	126.70	0.00
3	8	24/03/2009	309255.00	216437.00	557824.34	110058.74	1119041.36	165590.15	1986120.70	126.70	123.70	-23983.94
4	9	17/06/2009			38983.71	7691.49	525975.99	77831.30	564959.70	126.70	125.90	-1819.29
5	10	04/08/2009			89216.96	17602.51	80676.74	11938.14	169893.70	126.70	129.40	1846.44
6	11	14/09/2009			4443.29	876.66	74224.17	10983.32	78667.46	126.70	129.40	854.97
7	12	22/12/2009	Advance Bill									
8	13	22/04/2010			26773.71	5282.45	122612.94	18143.65	149386.65	126.70	139.20	7516.49
9	14	03/09/2010	Advance Bill									
10	15	01/02/2011			62744.37	12379.46	593.34	87.78	63337.71	126.70	141.40	3747.77
		07/09/2010 (completion date)										
						Total compensation payable after 50 % value of work						13965.65.67
						Total compensation paid after 50 % compensation of work						1340123.38
						Inadmissible amount of compensation paid after 50 % value of work						1326157.71
						Inadmissible amount of compensation paid before 50 % value of work						8318250.55
						Total inadmissable amount of compensation paid to the contractor						**9644408.26**

Source: Records of West Bengal Board of Secondary Education