

Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.
3. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Reports containing the findings of performance and compliance audits in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

With an aim to restructuring of public finances, restoring budgetary balances and achieving macro economic stability, Twelfth Finance Commission (TFC) recommended that each State must enact a fiscal responsibility legislation for eliminating the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. In West Bengal, however, Fiscal Responsibility and Budget Management (FRBM) Act has not yet been enacted. In the absence of FRBM Act, there were no statutory bindings on the Government to achieve the fiscal targets. Revenue Deficit, which was to be eliminated by 2008-09, stood at Rs 14709 crore. Fiscal deficit was also higher than the normative target fixed by the TFC. Besides, enactment of the said legislation was made a necessary pre-condition for accrual of debt relief on outstanding GoI loans. Owing to non-enactment of the legislation the State could not avail of total financial benefit of Rs 494.24 crore during 2008-09 towards reduction in annual instalment of GoI loans and waiver of interest.

C&AG's Reports have been analysing Government Finances for over three years since TFC gave its recommendation. Since these comments formed part of the civil audit report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The inevitable fallout of this well intentioned but all inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre stage once again, a stand alone report on State Government finances is considered appropriate. Accordingly, from the report year 2009 onwards, C&AG has decided to bring out a separate volume titled "Report on State Finances."

The Report

Based on the audited accounts of the Government of West Bengal for the year ended March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of West Bengal Government's fiscal position as on 31 March 2009. It provides an insight into trends in committed expenditure, borrowing patterns besides a brief account of central funds transferred directly to the State implementing Agencies through off budget route.

Chapter 2 is based on Appropriation Accounts and gives the grant by grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of West Bengal Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Greater prioritization for Capital expenditure: The State may consider enhancing the priority it assigns to capital expenditure. During last five years, as a proportion of aggregate expenditure, capital expenditure was a meager five to seven per cent, which was substantially lower as compared to the all states' average (Table 1.6 and 1.9A)

Review of State Government Investments: The average return on West Bengal Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.01 and 0.07 per cent while Government paid interest at the average rate of 9.02 to 10.08 per cent on its borrowings during 2004-09 (para 1.6.3). It would be desirable that the State Government ensures better value for money in investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial return. Only those projects, which are justified on account of low financial but high socio-economic return, may be identified and prioritized.

Monitoring over funds transferred directly from the Government of India to the state implementing agencies: As these funds remain outside the State budget, there is no single agency monitoring its use. Resultantly, no consolidated data is available as to the quantum of such funds actually available/spent in centrally sponsored schemes directly funded by the Central Government. A system has to be in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as Office of the Accountant General.

Debt sustainability: State Government should endeavour to maintain debt/GDP ratio in such a manner that incremental non-debt receipts becomes adequate to cover the incremental interest burden. Otherwise, debt receipt would continue to be used mostly in debt redemption with quantum of borrowed fund reduced for operational purposes including less expenditure being incurred in capital sector (para 1.8). As revealed from the maturity profile of outstanding debt (Table 1.21), 90 per cent of the debt liability will have to be settled in two to seven years. This calls for a careful strategy to redeem the debt without either resorting to very high borrowings or cutting down operational expenditure.

Financial management and budgetary control: During 2008-09 there were overall savings of Rs 2875.96 crore, which was the result of saving of Rs 3581.85 crore offset by the excess of Rs 705.89 crore. The excess expenditure of Rs 705.89 crore required regularisation (para 2.2) under Article 205 of the Constitution of India. As of September 2009, total un-regularized excess expenditure pertaining to the years 2003-2008 stood at Rs 28200.65 crore (para 2.3.6). It was also noticed that during 2008-09, expenditure of Rs 1332.10 crore was incurred in 32 cases without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect (para 2.3.4). There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Besides, there was a rush of expenditure at the end of the year. In many cases, the anticipated savings were not surrendered leaving no scope for utilising these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on Abstract Contingent bills

(para 2.4.1). Total amounts remaining parked in Personal Ledger Accounts of the State increased from Rs 743.95 crore as of March 2005 to Rs 1697.48 crore as of March 2009 (para 2.5). Of these 105 accounts, 45 accounts were not operated during 2008-09. The Finance Department should monitor observance of financial discipline and budgetary control and take necessary steps to arrest cases of non-surrendering of anticipated savings and persistent savings and excesses. Steps also are to be taken for adjustment of outstanding AC bills and closure of inoperative PL Accounts in a time bound manner.

Financial reporting: Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance contribute to a sound internal financial discipline. The desired level of compliance was, however, absent in many spheres as would be evident from non-submission of utilisation certificates for years together (para 3.1), non-submission of annual accounts of Autonomous Bodies/Authorities, delays in preparation of pro forma accounts of departmental undertakings performing quasi commercial activities (para 3.4). There were also delays in presentation of Separate Audit Reports in the State Legislature (para 3.3). Concerned Departments should take immediate steps for submission of outstanding accounts of autonomous bodies without further delay and for timely placement of Separate Audit Reports in the State Legislature.

FINANCES OF THE STATE GOVERNMENT

This chapter provides a broad perspective of the finances of the Government of West Bengal during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. The structure of Government Accounts and the lay out of Finance Accounts are shown in **Box 1.1** (page 2). The methodology adopted in analysing the trends of State Government finances has been discussed in **Appendix 1.1**.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) vis-à-vis the previous year while **Appendix 1.3** provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1 Summary of Current Year's Fiscal Operations

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
					Non Plan	Plan	Total
Section A: Revenue							
30167.38	Revenue Receipts	36904.40	38314.42	Revenue expenditure	43568.02	8045.29	51613.31
13126.34	Tax Revenue	14419.15	18866.58	General services	20700.51	74.93	20775.44
1473.09	Non Tax Revenue	4966.39	13463.00	Social Services	10823.92	5560.90	16384.82
10729.06	Share of Union Taxes/ Duties	11321.78	5553.81	Economic Services	11637.21	2388.20	14025.41
4838.89	Grants from Government of India	6197.08	431.03	Grants in aid and Contributions	406.38	21.26	427.64
Section B: Capital							
	Misc. Capital Receipts		2687.73	Capital Outlay	(-) 23.68	3728.98	3705.30
496.64	Recoveries of Loans and Advances	5615.83	1062.12	Loans and Advances disbursed	64.40	695.25	759.65
15332.62	Public debt receipts	15991.14	4579.80	Repayment of Public Debt*	4854.86	-	4854.86
7.16	Contingency Fund	6.34	7.28	Contingency Fund	0.47	-	0.47
50942.07	Public account receipts	58144.00	49076.77	Public account disbursements	54915.45	-	54915.45
2877.03	Opening Cash Balance	4094.78	4094.78	Closing cash balance	4907.45	-	4907.45
99822.90	Total	120756.49	99822.90	Total	108286.97	12469.52	120756.49

Source: Finance Accounts

*Excluding net transactions under ways and means advances and overdraft.

Box 1.1 Structure and Form of Government Accounts

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund : Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B: Layout of Finance Accounts

Statement No.	Subject
1.	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.
2.	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2008-09.
3.	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
4.	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
5.	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc.
6.	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
7.	Gives the summary of cash balances and investments made out of such balances.
8.	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
9.	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
10.	Indicates the distribution between the charged and voted expenditure incurred during the year.
11.	Indicates the detailed account of revenue receipts by minor heads.
12.	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise.
13.	depicts the detailed capital expenditure incurred during and to the end of 2008-09.
14.	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09.
15.	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.

16.	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
17.	Presents detailed account of debt and other interest bearing obligations of the Government of West Bengal.
18.	Provides the detailed account of loans and advances given by the Government of West Bengal, the amount of loan repaid during the year, the balance as on 31 March 2009.
19.	Gives the details of earmarked balances of reserve funds.

Analysis of the **Table 1.1** discloses the following:

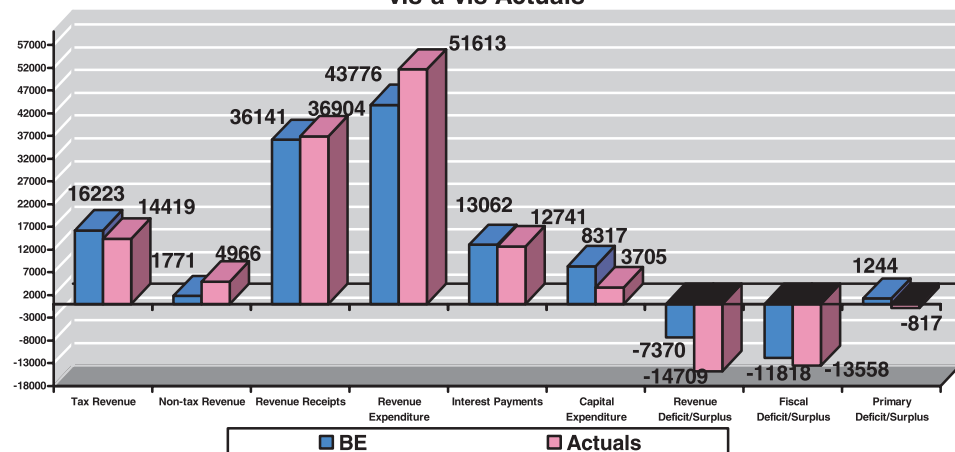
- Revenue receipts increased by Rs 6737.02 crore during 2008-09 from the level of Rs 30167.38 crore in 2007-08 registering a growth of about 22 per cent. The increase was accountable to increase in Tax Revenue (Rs 1292.81 crore); Non tax Revenue (Rs 3493.30 crore), share of Union Taxes and Duties (Rs 592.72 crore) and receipts under grants from Gol (Rs 1358.18 crore). Under the Tax Revenue, substantial increases were noticed in Taxes on Sales, Trade, etc.¹ (Rs 894.64 crore) and State Excise Tax (Rs 151.78 crore). An increase of Rs 894.64 crore and Rs 873.47 crore was attributable to receipts under State Sales Tax act. Of Non Tax Revenue, increase of Rs 3309.94 crore was mainly due to adjustment of interest (Rs 3245.50 crore) receivable from the erstwhile West Bengal State Electricity Board (WBSEB) in connection with waiver of State Government dues under 'West Bengal Power Sector Reforms Transfer Scheme, 2007'. Thus, the figure of Non-Tax revenue was inflated by Rs 3245.50 crore without actual inflow of revenue.
- *Tax Revenue of the State for 2008-09 (Rs 14419.15 crore) fell far short by almost 38 per cent (Rs 8862.45 crore) as compared to the normative projections of Rs 23281.60 crore made by Twelfth Finance Commission (State budget: Rs 16222.83 crore). Non Tax Revenue (Rs 4966.39 crore), on the other hand, was higher than both the TFC projections (Rs 3360.61 crore) and State Budget (Rs 1770.91 crore). However, actual realisation (Rs 1720.89 crore) without considering the above-mentioned book-adjustment of Rs 3245.50 crore) of Non-Tax Revenue was only 51 per cent of TFC projection.*
- Revenue expenditure during 2008-09 was Rs 51613.31 crore against Rs 38314.42 crore in 2007-08 registering an increase of Rs 13298.89 crore (35 per cent). Such steep increase was mainly attributable to increase in revenue expenditure in power sector on writing off State Government's dues (Rs 8377.75 crore) and increase in expenditure under Social Security and Welfare (Rs 853.45 crore). Under the Social Security and Welfare, increase was noticed under Child Welfare (Rs 118.81 crore); Pensions under Social Security Schemes (Rs 114.29 crore) and other Programmes (Rs 471.34 crore). There was also increase in expenditure under Interest Payments (Rs 685.43 crore) mainly due to interest on market loans (Rs 1289.03 crore) counter balanced by decrease under interest on Ways and Means advances from RBI (Rs 20.18 crore); Management of Debt (Rs 18.46 crore); Interest on Loans for State/UT Plan Schemes (Rs 159.30 crore) and Interest on Loans for Non Plan Schemes (Rs 357.39 crore). Increase in expenditure under Urban Development was also noticed (Rs 669.03 crore).
- During 2008-09 Capital outlay (Rs 3705.30 crore) increased by 38 per cent (Rs 1017.57 crore) over that of previous year (Rs 2687.73 crore) which was mainly attributable to increase in expenditure under Water Supply, Sanitation, Housing and Urban Development (Rs 289 crore) and Energy sector (Rs 105 crore); Agriculture and Allied Activities (Rs 114 crore); Special Areas Programmes (Rs 46 crore); Irrigation and Flood Control (Rs 71 crore); and Transport (Rs 118 crore).

¹ It includes receipts under Central Sales Tax act, State Sales Tax act, tax on sale of motor spirits and lubricants, surcharge on Sales Tax, receipts on Turn Over tax and other receipts

- Recovery of Loans and Advances increased by Rs 5119 crore (1031 per cent) in 2008-09, whereas disbursements during the year fell (by 28 per cent) from Rs 1062.12 crore in 2007-08 to Rs 759.65 crore in 2008-09; Energy Sector alone accounted for recovery of Rs 5575.38 crore. This, however, included book adjustment of Rs 4874.50 crore written off in connection with waiver of dues receivable from the WBSEB.
- Receipts and repayments under the Public Debt increased by Rs 658.52 crore and Rs 275.05 crore respectively;
- Significant increase (by Rs 7201.93 crore i.e. 14 per cent) was also noticed in Public Account Receipts. This was mainly due to increase under State Provident Fund (Rs 172.79 crore), Sinking Fund (Rs 683.26 crore), treasury cheques (Rs 3227.82 crore), Public Works remittances Rs 1664.94 crore) and under Deposits and Advances (Rs 1401.83 crore).
- Public Account disbursements also registered an increase of Rs 5838.68 crore (Rs 54915.45 crore disbursed in 2008-09 against Rs 49076.77 crore in 2007-08);
- Closing cash balance as on 31 March 2009 was 20 per cent higher than that of last year.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters during 2008-09:

Chart 1.1 : Selected Fiscal Parameters: Budget Estimates vis-à-vis Actuals



It would be seen from above that actual revenue receipts was more than that budgeted. Actual Tax Revenue fell short of estimates, while actual Revenue Expenditure exceeded the budget estimates and actual Capital Expenditure was below the level of budget estimates. All the three deficits in actuals were above the budget estimates. If effective steps could be taken in strengthening tax base and its realisation and simultaneous containment of Non Plan Revenue Expenditure, the position of deficits would have been better.

Box 1.2: Impact of non enactment of the FRBM Act

With enactment of a Fiscal Responsibility and Budget Management Act (FRBM Act) in 2003 at the Centre, the Twelfth Finance Commission (TFC) was mandated not only to recommend on the distribution of the divisible pool of net proceeds of taxes between the Union and the States and the allocation between the States of such proceeds, but also to suggest a plan by which the Governments collectively and severally may bring about a restructuring of public finances, restoring budgetary balances, achieving macro economic stability and debt restructuring along with equitable growth. While formulating approach to debt relief, the TFC recommended that each State must enact a fiscal responsibility legislation prescribing specific annual targets with a view to eliminating the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. Enacting the fiscal responsibility legislation will be a necessary pre condition for availing of debt relief. ***In West Bengal, however, FRBM Act has not yet been enacted.***

It was recommended that the Central Loans to States contracted till 31 March 2004 and outstanding as on 31 March 2005 (amounting to Rs 128795 crore of which West Bengal's share was Rs 9700.29 crore) may be consolidated and re scheduled for a fresh term of 20 years resulting in repayment of 20 equal instalments and an interest of 7.5 per cent per annum be charged on them. Out of the outstanding balances of Rs 9700.29 crore of Central Loan, before consolidation and re schedulement total repayment due during 2005-10 amounted to Rs 3612.55 crore (i.e. an annual instalment of Rs 722.51 crore). The same would come down to Rs 2425.07 crore (i.e. Rs 485.01 crore annually) after re schedulement. The relief that would be admissible year wise towards interest payment during 2005-10 was calculated by the TFC as under:

Year	Amount of interest (Rupees in crore)
2005-06	398.77
2006-07	356.52
2007-08	309.18
2008-09	256.74
2009-10	226.60

Source: TFC Report

The State could not avail of total financial benefit of Rs 494.24 crore² during 2008-09 owing to non enactment of the FRBM Act.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2005-09. **Chart 1.3** depicts the composition of resources of the State during the current year.

² Relief of Rs. 237.50 crore (Rs. 722.51 crore — Rs. 485.01 crore) on annual instalment on Central Loans plus Rs. 256.74 crore on interest

**Chart 1.2: Trends in Receipts
(Rupees in crore)**

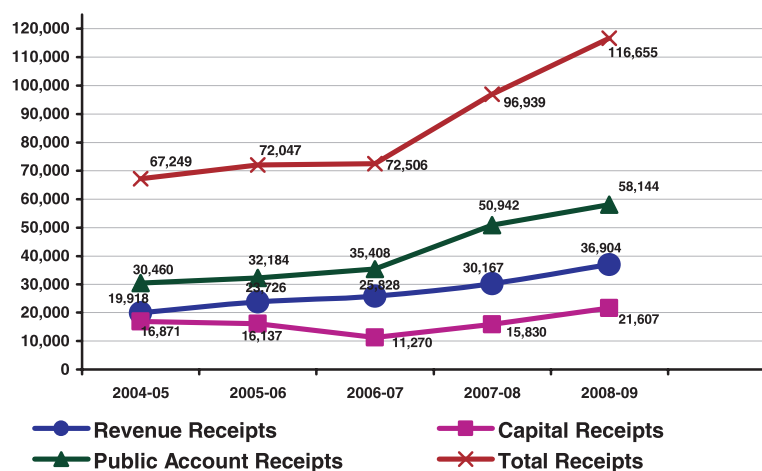
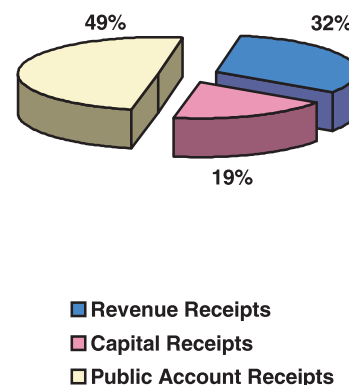


Chart 1.3: Composition of Receipts during 2008-09



While almost half of the total receipts came from Public Account receipts, remaining 51 per cent was contributed by revenue (32 per cent) and capital receipts (19 per cent). Again, of revenue receipts, tax revenue accounted for 39 per cent; non tax revenue had a contribution of about 13 per cent while State's share of union taxes and duties contributed 31 per cent. Remaining share of revenue receipts (17 per cent) came from Government of India grants. Tax revenue registered a growth of 10 per cent over previous year. Of other components of revenue receipts, State's share of Union taxes and duties registered a six per cent growth and there was growth of about 28 per cent so far as grants from Gol were concerned. Of capital receipts, nearly 26 per cent was on account of recoveries of loans and advances, while remaining 74 per cent came from public debt receipts. Recoveries of loans and advances registered a huge growth of 1031 per cent over the previous year. Loans and advances from Government of India was, however, lower by 42 per cent this year than that in the previous year.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets

The Government of India (Gol) transfers a sizeable quantum of funds directly to the State level/ district level project implementing agencies for implementation of various schemes/ programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated.

During 2008-09, total 4445 sanctions were issued by various Ministries for total Rs 4575.70 crore in respect of various Central Plan/Centrally Sponsored schemes. Out of this, 4234 sanctions for Rs 2930.69 crore pertained to schemes outside the State budget. However, the quantum of actual release of funds made directly to implementing agencies through RBI, Nagpur / PAO of the Ministries is depicted in **Table 1.2 (A)**. Such releases were not reflected in the State budget, although these constituted a major part of the aggregate resources available with/handled by State functionaries.

Table-1.2 (A): Funds Transferred Directly to State Implementing Agencies during 2008-09

(Rs. in crore)

Particulars	Implementing agencies receiving funds from GOI					
	District Rural Development Cells/ Zilla Parishads	Urban Local Bodies	Sarva Shiksha Mission	Health Societies	NGOs / Other Societies	Total
1. Number of Sanctions issued by GOI	92	24	8	31	4079	4234
2. Amounts sanctioned (Rupees in crore)	327.42	41.29	651.78	387.85	1522.35	2930.69
3. Sanction released	50	18	8	26	2593	2695
4. Amount released (Rupees in crore)	173.88	35.29	651.78	226.71	1134.66	2222.32

Sources: List of sanctions shown in E Lekha portal of CGA's website.

Table 1.2 (B) shows amounts sanctioned under some major schemes by various Central Government Ministries during 2008-09 directly to State level/district level implementing agencies:

Table 1.2 (B) : Some illustrative cases of direct transfers by Central Ministries to implementing agencies

Rs. in Crore

Name of the Scheme	Agency to which funds were sanctioned	Amount sanctioned
National Rural Employment Guarantee Scheme	District Rural Development Cells of Zilla Parishad	Rs 437.42
Indira Awaas Yojana	District Rural Development Cells of Zilla Parishad	Rs 200.73
Integrated Watershed Management Programme	District Rural Development Cells of Zilla Parishad	Rs 3.02
Sarva Shiksha Abhiyan	Paschim Banga Sarva Shiksha Mission, West Bengal State Literacy Mission	Rs 651.78
National Horticulture Mission	West Bengal State Horticulture Development Society	Rs 6.61
National Rural Health Mission	West Bengal State Health and Family Welfare Samity/ non Government institutions	Rs 387.85
Swaranjayanti Gram Swarojgar Yojana	District Rural Development Cell of Zilla Parishad	Rs 70.16
Assistance to States for Developing Export Infrastructure and Allied Activities	West Bengal Industrial Development Corporation, Falta Special Economic Zone	Rs 26.05
Member of Parliament Local Area Development	District Magistrate/ Zilla Parishad/ Urban Local Bodies	Rs 130

Sources : E-Lekha portal Controller General of Accounts.

Direct transfers from the GoI to the State implementing agencies run the risk of poor oversight. Unless uniform accounting practices accompanied by proper documentation and timely reporting of expenditure are followed by all these agencies, it would be difficult to monitor the end use of these direct transfers.

Further details on position of expenditure on Flagship programmes in West Bengal may be seen in para 1.5.3.

1.3 Revenue Receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. Revenue receipts consist of the State's own tax and non-tax revenues, central tax transfers and grants-in-aid from Gol. Trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.2** and also depicted in **Charts 1.4** and **1.5** respectively.

Chart 1.4: Trends in Revenue Receipts

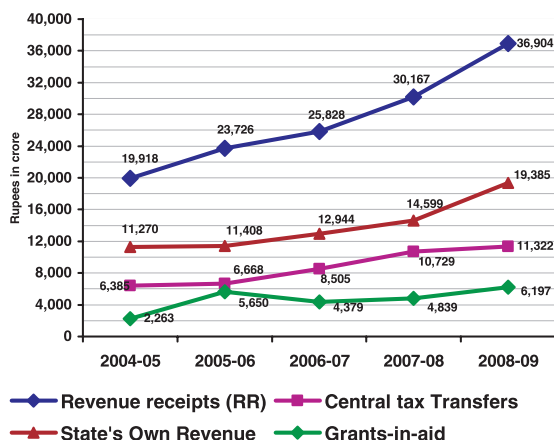
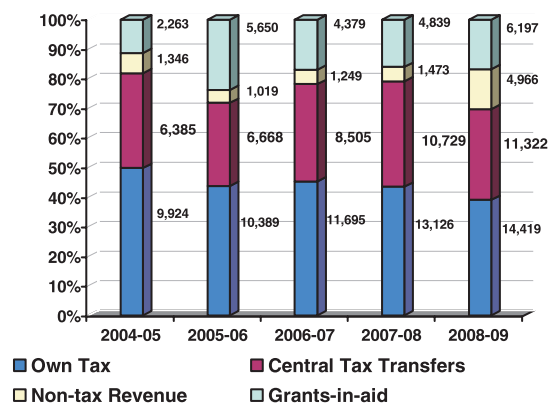


Chart 1.5: The composition of Revenue Receipts during 2004-09



The trends in revenue receipts relative to Gross State Domestic Product (GSDP) are as follows:

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	19918	23725	25828	30167	36904
Rate of growth of RR (per cent)	19.92	19.11	8.86	16.80	22.33
RR/GSDP (per cent)	10.47	11.40	10.73	10.97	11.93
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	2.01	2.03	0.57	1.19	1.79
State's Own Tax Buoyancy w.r.t GSDP	1.33	0.50	0.80	0.86	0.79
Revenue Buoyancy with reference to State's own taxes	1.51	4.06	0.71	1.38	2.27

Source: Finance Accounts

While the revenue receipts have shown a progressive increase over the period 2004-09, share of own taxes has consistently decreased from 50 to 39 per cent.

State's own revenue registered growth of about 10 per cent over the previous year. There was growth of nearly six per cent in case of Central tax transfers in 2008-09 over the previous year. Grants in Aid from Government of India experienced a growth of about 28 per cent over previous year. A close scrutiny of changes in relative shares of various components of Revenue Receipts would reveal that share of State's own tax maintained a decreasing trend over the five year period and was at 39 per cent in the current year from 50 per cent in 2004-05. Non tax revenue, which had a share of seven per cent in Revenue Receipts of the State in 2004-05, contributed 13 per cent of the receipts in 2008-09. Such enhancement was, however, merely due to book adjustment of Rs 3245.50 crore of interest receivable from the WBSEB. Actual realisation of non-tax revenue was thus only Rs 1720.89 crore, constituting only six per cent of the Revenue Receipt⁴. Relative share of Grants in aid in revenue receipts of the State for the last three years were around 17 per cent.

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. for instance, for 2008-09, revenue buoyancy at 1.79 implies that revenue receipts tend to increase by 1.79 per cent points, if the GSDP increases by one percent.

⁴ Excluding the said amount of book adjustment

Tax Revenue: The Government of West Bengal enacted the West Bengal Value Added Tax (WBVAT) Act, 2003 with effect from April 2005. However, levy and collection of tax on sale of petrol, diesel, liquor, lottery tickets and aviation turbine fuel (ATF) were continued to be governed under the WBST Act, 1994.

Revenue from VAT and Sales Taxes contributed major share of tax revenue (62 per cent). Land Revenue (seven per cent), State Excise (seven per cent), Stamps and Registration fees (11 per cent), taxes on vehicles (four per cent) were the other contributors to the State's tax revenue.

There was no significant variation among relative shares of the major components of Tax Revenue, though contribution of Sales Tax in Tax Revenue has shown an upward trend (from 58 per cent in 2004-05 to 62 per cent in 2008-09). Sales Tax collection shot up by Rs 894.63 crore (11 per cent) in 2008-09 over the previous year. Collection from Stamps and Registration and State Excise increased by Rs 92.53 crore and Rs 147.47 crore respectively. Increase in receipts under 'Sales Tax Act' and decrease in surcharge in 'Sales Tax'; increase in receipts under 'Court fees realised in Stamps duty on Impressing of Documents', 'Fees for registering documents; increase in receipt under country spirits, foreign liquors and spirits, etc. were the main reasons for increase in Tax Revenue.

Non Tax Revenue: Non Tax Revenue (Rs 4966 crore) constituted 13 per cent of total revenue receipts and increased by Rs 3493 crore recording a growth of 237 per cent over previous year. Increases were observed mainly under Interest Receipts, Dividends and Projects (Rs 3309.77 crore). This was, however, merely due to book adjustment of outstanding interest of Rs 3245.50 crore written off.

Central Tax Transfers: Central Tax transfers increased by Rs 593 crore over the previous year and constituted 31 per cent of revenue receipts. The increase was mainly under Corporation Tax (Rs 307.46 crore), Custom Duties (Rs 136.24 crore), and Taxes on Income other than Corporation Tax (Rs 45.83 crore).

Grants-in-aid: The Grants-in aid from GoI increased by Rs 1358 crore from Rs 4839 crore in 2007-08 to Rs 6197 crore in the current year. Grants for State Plan schemes and Centrally Sponsored Plan schemes increased by Rs 595.04 crore and Rs 311.40 crore respectively, while there was increase in receipt under Non-Plan grants (Rs 447.58 crore).

Increase under Non Plan Grants was mainly attributable to Twelfth Finance Commission Grants. Grants for Panchayati Raj Institutions were Rs 127.10 crore and for State Specific needs, Rs 315.39 crore. Under State Plan scheme, Grants under National Urban Renewal Mission increased by Rs 517.73 crore as compared to last year.

Grants under Centrally Sponsored schemes increased mainly under Integrated Child Development Scheme (Rs 121.90 crore) and Accelerated Rural Water Supply Programme (Rs 121.90 crore).

1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of central tax receipts and central assistance for plan schemes etc., the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Own Tax Revenue of the State consists of Sales Tax, Excise, Stamp Duty and Registration Fees, Motor Vehicle and Passenger tax and others.

The Government of West Bengal enacted the WBVAT Act, 2003 with the main objectives of generating more revenue by reduction of rate of tax, eliminating cascading effect of tax on goods both for exports and domestic sales and reducing evasion and avoidance of tax through revitalization of administrative machinery by introducing transparency.

Box 1.3: Major outcome of the review on Transition from Sales Tax to VAT

The comparative position of pre-VAT sales tax collection during 2002-05 with post-VAT tax collection during 2005-08 showed that the average growth rate of tax collection registered a decrease of 2.41 per cent. Detailed review on the transition from Sales Tax to VAT revealed a number of system and compliance deficiencies, which included

- Failure to update the database of the directorate before implementation of VAT,
- Non-maintenance of information regarding dubious dealers in the database
- Lack of connectivity of circles, charges, ranges and check posts leading to weak monitoring of the subordinate offices
- Registration without verification, absence of monitoring of returns etc.

(See C&AG's Audit Report (Revenue Receipts) on Government of West Bengal for the year 2008-09.)

1.3.2 Loss of Revenue due to Evasion of Taxes

Out of 228 cases pending as on 31 March 2008 and 41 cases detected during 2008-09, additional demands for Rs 18.57 crore were raised after finalising 34 cases only leaving 235 cases pending at the end of the current year.

Test-check during 2008-09 revealed underassessment/short levy/loss of revenue amounting to Rs 1526.46 crore relating to 720 audit observations of which the departments accepted Rs 561.88 crore in 289 cases and recovered Rs 9.36 crore in 65 cases at the instance of audit

1.3.3 Revenue Arrears

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue, as furnished by the Departments, amounted to Rs 152.72 crore, of which Rs 84.72 crore was outstanding for more than five years. Arrears related to taxes on Agricultural income (Rs 64.66 crore), Amusement Tax (Rs 13.97 crore) and Excise Duty (Rs 6.09 crore). The Department did not furnish the figures for arrears of Sales Tax on the ground that the scheme for settlement of disputes of sales tax was currently operational.

1.3.4 Cost of collection

The gross collection from major taxes and expenditure incurred on collection during the years 2006-07 to 2008-09 along with All India average are given in the following table:

Table 1.4: Gross collection vis-a-vis expenditure on collection

Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	
		Rupees in crore		State's figure	All India average for 2007-08
Sales tax	2007-08	8,060.46	92.42	1.15	0.83
	2008-09	8955.09	100.34	1.12	
State excise	2007-08	935.47	49.59	5.30	3.27
	2008-09	1082.94	65.76	6.07	
Stamp duty & registration fees	2007-08	1416.96	60.10	4.24	2.58
	2008-09	1509.49	53.61	3.55	
Taxes on vehicles	2007-08	532.07	10.86	2.04	2.09
	2008-09	608.01	11.92	1.96	

Source: Finance Accounts

The percentage of expenditure on collection of sales tax, stamp duty and registration fees and taxes on vehicles inter se showed a declining trend. However, corresponding figures for state excise showed a rising trend.

1.4 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. It is therefore important to ensure that the expenditure directed towards development and social sectors is maximised within its limited resources.

1.4.1 Growth and Composition of Expenditure

The total expenditure and its compositions during the year 2004-05 to 2008-09 are presented here:

Table 1.5: Total expenditure and its composition

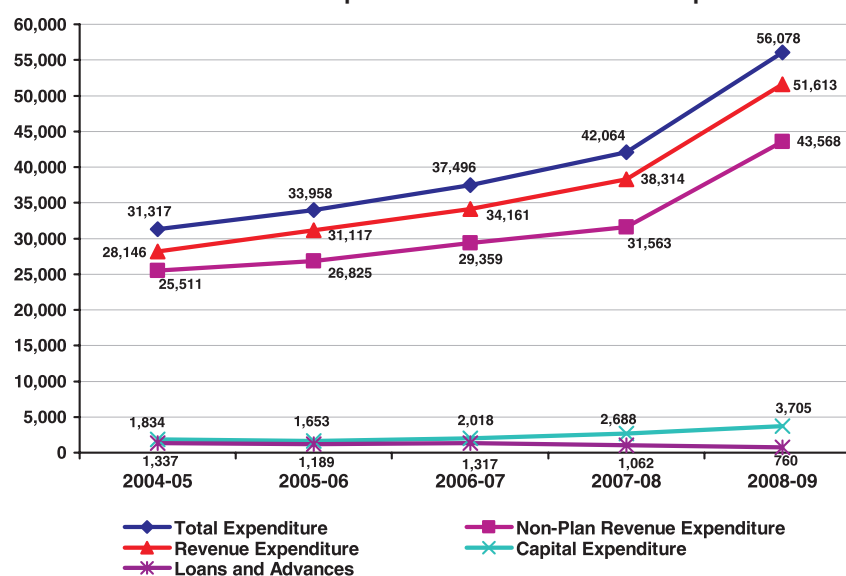
(Rs in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Total Expenditure	31317	33959	37496	42064	56078
Revenue Expenditure	28146	31117	34161	38314	51613
Non-plan Revenue Expenditure	25511	26825	29359	31563	43568
Capital Expenditure	1834	1653	2018	2688	3705
Loans and Advances	1337	1189	1317	1062	760

Source: Finance Accounts

Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**.

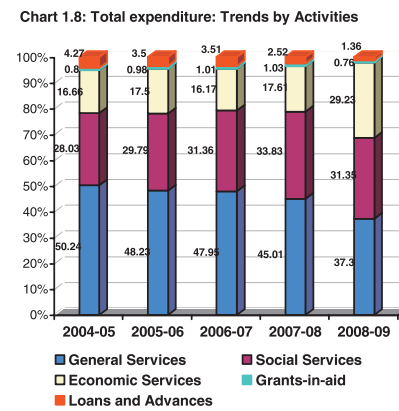
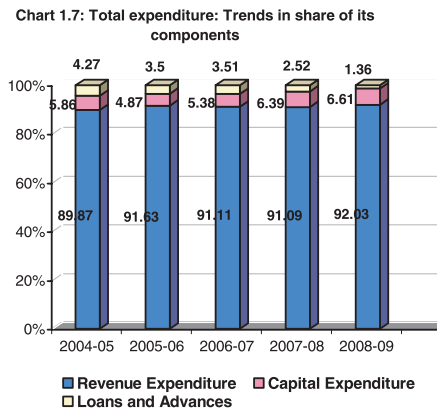
Chart 1.6 : Total expenditure : Trends and Composition



It would appear that total expenditure, which was Rs 42064 crore in 2007-08 rose to Rs 56078 crore in 2008-09 i.e. a growth of 33 per cent. Over the last five years, it increased at an average growth rate of 12.70 per cent. The composition of total expenditure during 2008-09 indicates that Non Plan Expenditure accounted for 78 per cent (Rs 43544 crore) while Plan Expenditure constituted remaining 21 per cent (Rs 11774 crore). Further break-up of the total expenditure incurred during 2008-09 under various heads of revenue and capital accounts reveals that revenue expenditure constituted bulk of expenditure of the State (92 per cent: Rs 51613 crore) while the shares of capital expenditure and loans and advances disbursed were only seven per cent (Rs 3705 crore) and one per cent (Rs 760 crore) respectively.

In terms of activities, total expenditure is composed of expenditure on general services (including interest payments), social and economic services, grants in aid and loans and advances.

The movements of the relative share of these components indicate some significant change over previous year (**Chart 1.8**). Expenditure on general services (including interest payments) considered as non developmental, accounted for 37 per cent of total expenditure this year against 50 per cent in 2004-05. On the other hand, Social services and Economic services taken together (Developmental expenditure), however, steadily increased from 45 per cent in 2004-05 to 61 per cent in 2008-09.



a) Trends in Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment, past obligations and as such does not result in any addition to the State infrastructure and service network.

Revenue expenditure consistently increased from Rs 28146 crore in 2004-05 to Rs 51613 crore in 2008-09 at an average annual rate of growth of 13.70 per cent during the period. Of the total Revenue expenditure, Non Plan Revenue expenditure continued to enjoy the majority share, which was 84 per cent (Rs 43568 crore) during 2008-09 while Plan Revenue expenditure constituted only 16 per cent (Rs 8045 crore). *Non Plan Revenue expenditure of the current year was substantially higher than both the normative projections of TFC (Rs 32322 crore) and Budget estimates of the Government (Rs 34918 crore) by 35 and 25 per cent respectively.*

Non Plan Revenue expenditure not only constituted bulk of the revenue expenditure of the State, but it consistently increased during the period 2004-09. During the current year it increased by Rs 12005 crore (38 per cent) from the level of Rs 31563 crore in 2007-08 mainly due to increase under Energy (Rs 8340 crore⁵). Increase in expenditure was also noticed under Health and Family Welfare (Rs 159 crore); Education, Sports, Art and Culture (Rs 544 crore); Water supply, Sanitation and Urban Development (Rs 124 crore); Agriculture and Allied Activities (Rs 85 crore); Rural Development (Rs 94 crore); Social Welfare and Nutrition (Rs 546 crore); etc.

Although Plan Revenue expenditure also increased consistently during the period 2004-09, it exhibited inter year fluctuations. During the current year, it increased by Rs 1294 crore from the level of Rs 6751 crore in 2007-08. The increase was observed mainly under Water Supply, Sanitation, Housing and Urban Development (Rs 538 crore); Welfare of SC, ST and OBC (Rs 129 crore); Education, Sports, Art and Culture (Rs 348 crore); Social Welfare and Nutrition, (Rs 384 crore) and Health and Family Welfare (Rs 87 crore), counter balanced by decrease under Rural Development (Rs 225 crore).

b) Trends in Capital expenditure

The following table depicts the trends of capital expenditure of the State during the five year period:

Table 1.6: Trends in Capital expenditure and its components

Components of Capital expenditure	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in crore)				
Capital expenditure (percentage to total expenditure)	1834 (6)	1653 (5)	2018 (5)	2688 (6)	3705 (7)
Plan Capital expenditure (percentage to Capital expenditure)	829 (45)	1362 (82)	2009 (100)	2669 (99)	3729 (100)
Plan Capital expenditure under Social sector (percentage to Plan Capital expenditure)	142 (17)	314 (23)	380 (19)	767 (29)	214 (33)
Plan Capital expenditure under Economic sector (percentage to Plan Capital expenditure)	666 (80)	1026 (75)	1556 (77)	1883 (69)	2378 (64)

Source: Finance Accounts

⁵ This increase can be attributable to booking of waiver of dues of Rs. 8247 crore receivable from WBSEB as non-plan expenditure.

A scrutiny of Capital expenditure of the State during past five years disclosed that though the quantum of Capital Expenditure increased from Rs 1834 crore to Rs 3705 crore (i.e. increase by 102 per cent), it accounted for a meagre five to seven per cent of aggregate expenditure. Plan Capital Expenditure on Economic sector, when viewed with relation to areas of expenditures, showed that Energy and Transport sectors together consumed bulk (62 to 71 per cent) of the expenditure.

1.4.2 Committed Expenditure

Committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.7** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

Table-1.7: Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Salaries* & Wages , Of which	9801.81(49)	10160.98 (43)	10875.73(42)	12205.04(40)	13820.68	13778.65(37)
Non-Plan Head	9425.97	9754.36	10350.45	11617.64		12996.04
Plan Head**	375.84	406.62	525.28	587.40		782.61
Interest Payments	9767.25 (49)	9968.76 (42)	11178.68(43)	11593.56(38)	12389.53	12740.99(35)
Expenditure on Pensions	3335.85(17)	3641.50(15)	3552.69(14)	3995.40(13)	4301.60	4432.79(12)
Subsidies	217.89 (1)	593.68 (3)	459.55 (2)	732.93 (2)	405.38	1256.31(3)
Other Components	-	-	-	-		792.02 ⁶
Total Committed Expenditure	23122.80	24364.92	26066.65	28526.93	30917.19	33000.76
Components other than committed	5023.32	6751.94	8094.62	9787.49	12519.01	18612.55
Total Revenue Expenditure	28146.12	31116.86	34161.27	38314.42	43436.20	51613.31
Total Revenue Receipt	19918.19	23725.89	25828.32	30167.38	36066.03	36904.40

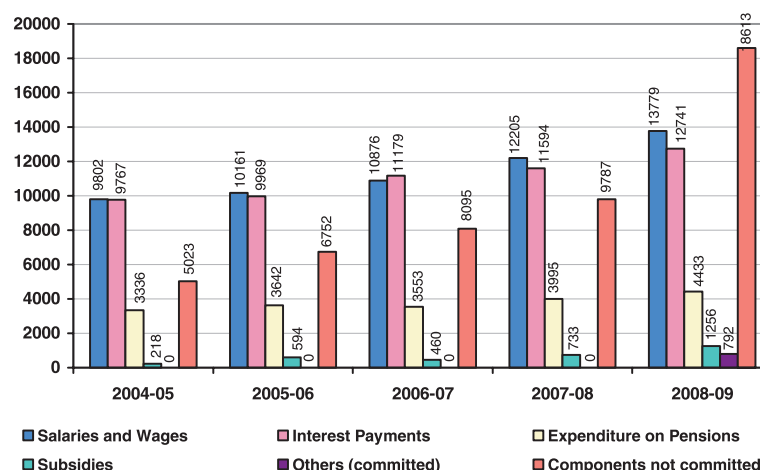
Source: Finance Accounts, Voucher Level Computerisation (VLC) done by AG (A&E) and Budget Publications
Figures in the parentheses indicate percentage to Revenue Receipts.

* It also includes the salaries paid out of grants-in-aid.

**Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes

Expenditure on salaries which were Rs 9801.81 crore in 2004-05 rose to Rs 13778.65 crore in 2008-09 i.e. a growth of nearly 41 per cent. Rate of growth over last year was near about 13 per cent. In 2008-09, of the total expenditure increase on salaries, non plan head expenditure constituted 94 per cent while only six per cent was on account of plan head.

Chart 1.9: Trend of Committed Expenditure during 2004-09



⁶ Operation and Maintenance expenditure; the same is shown separately in the Finance Accounts starting from the year 2008-09 only.

Expenditure on Interest Payments went up to Rs 12740.99 crore in 2008-09 from Rs 9767.25 crore in 2004-05 i.e. a growth of over 30 per cent. Rate of growth in 2008-09 was 10 per cent over the previous year. Increase in expenditure on Pensions over last year's was nearly 11 per cent, while it was 71 per cent in respect of subsidies. Increase of Rs 437.39 crore in expenditure on Pension was due to increase in expenditure under Superannuation and retirement allowances (Rs 317.57 crore) and 'Pensions to Employees of State Aided Educational Institutions' (Rs 219.98 crore) counter balanced by decrease under value of Pensions' (Rs 36.84 crore). On the other hand out of steep increase in expenditure towards subsidy (Rs 523.38 crore), Rs 467.26 crore was on account of Social Welfare and Nutrition, which may be attributable to increase in expenditures on Child Welfare, pensions under Social Security Schemes, Special Nutritional Programmes and Gratuitous Relief.

Despite declining trends in percentage of expenditure in all the major components of committed category in relation to Revenue Receipts, actual expenditure both on Pension and Interest Payments were far above that projected by the TFC. Against Rs 10782.09 crore and Rs 4266.18 crore of expenditure on Interest Payments and Pensions projected by the TFC, actual expenditure incurred on these accounts stood at Rs 12740.99 crore (118 per cent) and Rs 4432.79 crore (104 per cent) respectively. TFC recommended that States should follow recruitment and wage policy in a manner such that the total salary bill relative to revenue expenditure net of interest payments and pension does not exceed 35 per cent. This percentage came down from 54 in 2007-08 to 40 in 2008-09.

1.4.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years as presented below:

Table 1.8: Financial Assistance to Local Bodies etc

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in crore)				
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	4748.74	5296.38	5420.44	6790.49	7811.01
Municipal Corporations and Municipalities	853.57	1258.56	963.02	1279.17	1802.54
Zilla Parishads and Other Panchayati Raj Institutions	515.95	1419.43	1148.06	3085.27	2998.77
Development Agencies	814.98	634.85	235.27	122.14	340.33
Hospitals and Other Charitable Institutions	55.80	134.45	137.59	149.40	226.84
Other Institutions (To be specified)	23.91	373.08	811.06	927.77	802.74
Total	7012.95	9116.75	8715.44	12354.24	13982.23
Assistance as per percentage of RE	24.92	29.30	25.51	32.24	27.09

Source: Figures generated through VLC

The table above indicates that as compared to last year, assistance provided to Local Bodies this year rose by Rs 1627.99 crore i.e. nearly about 13 per cent. Increase in assistance were noticed under Educational Institutions (Rs 1021 crore⁷), Municipal Corporations and Municipalities (Rs 523 crore⁸); Development Agencies (Rs 218 crore⁹) counterbalanced by decrease in assistance provided to Zilla Parishads and other Panchayati Raj Institutions (Rs 87 crore); Other Institutions (Rs 125 crore).

⁷ Increase of Rs 982.34 crore was attributable to reasons like establishment of new university of Barasat, cooking cost, construction of kitchen shed of mid day meal, development of non government merit cum means scholarship, incentives to non Government colleges under State Level Assessment Scheme, Other grants under National Services Scheme, Development of Institutions for education of handicapped, etc.

⁸ Increase of Rs 407.34 crore was attributable to reasons like development of municipal areas' water supply facilities including spot survey, Italian Government aided Liquid and Solid Waste Management in West Bengal, Kolkata Environmental Improvement project (ADB).

⁹ Increase of Rs 195.19 crore was attributable to reasons like grant extended to KMDA for urban infrastructural Governance Schedules under JNNURM.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education and health etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. Low fiscal priority (ratio of expenditure in that category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having fiscal priority that is more than or equal to the national average. **Table 1.9(A)** and **1.9(B)** analyses fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during 2005-06 (the first year of the award period of Twelfth Finance Commission) and 2008-09.

Table-1.9 (A): Fiscal priority of the State for 2005-06 and 2008-09:

Fiscal Priority of the State		AE/GSDP	DE/AE	SSE/AE	CE/AE
2005-06	All States' Average*(Percentage)	19.50	61.44	30.41	14.13
	West Bengal's Average* (Percentage)	15.77	50.80	29.79	4.87
2008-09	All States' Average*(Percentage)	19.16	67.68	33.90	16.87
	West Bengal's Average* (Percentage)	18.13	61.93	31.35	6.61

*As per cent to GSDP

AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure

Table-1.9 (B): Fiscal capacity of the State for 2005-06 and 2008-09:

Fiscal capacity of the State		DE	SSE	CE
2005-06	All States' average per capita expenditure (in Rupees)	3010	1490	692
	Per capita expenditure of West Bengal (in Rupees)	2036	1194	195
	Per capita adjusted expenditure in West Bengal (in Rupees)**	3046	1508	701
2008-09	All States' average per capita expenditure (in Rupees)	5030	2520	1254
	Per capita expenditure of West Bengal (in Rupees)	3974	2011	424
	Per capita adjusted expenditure in West Bengal (in Rupees)**	4588	2299	1144

Source: Ratios relating to West Bengal were arrived at on the basis of Finance Accounts figures

** Calculated as per the methodology explained in the Box 1.4

AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure

The above table shows that during both the years, the ratio of aggregate expenditure to the GSDP for West Bengal was lower than the all states' average. This indicated that the State is spending lower proportion of its GSDP as compared to other states. The fact that the state assigned lower priority in development expenditure (DE) as well as social sector expenditure (SSE) was also apparent from lower proportion of those expenditures as compared to corresponding all states' averages. However, what appeared to be a real matter of concern was remarkably low proportion of capital expenditure (only 4.87 and 6.61 per cent as compared to all states' average of 14.13 and 16.87 per cent during 2005-06 and 2008-09 respectively) in aggregate expenditure.

Even if the levels of fiscal priority under the above-mentioned categories (i.e. DE, SSE and CE) are enhanced to the all India level by using an adjustment factor as explained in

Box 1.4, the quantum of per capita expenditure incurred by the State during the current year under these categories would still be lower than all states' average. It was in contrast to the position prevailing in 2005-06, when the West Bengal had been above the all states' average in terms of adjusted per capita expenditure under these categories. It signifies deterioration in the absorptive capacity¹⁰ of West Bengal in all three categories and there is a need for higher outlays on developmental and capital expenditure on the one hand and better delivery mechanism on the other.

Box 1.4 Methodology for estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CE/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, i.e., if

$$\text{AE/GSDP} = x$$

$$\text{AE} = x * \text{GSDP} \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, i.e., if

$$\text{DE/AE} = y$$

$$\text{DE} = y * \text{AE} \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$\text{DE} = y * x * \text{GSDP} \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, i.e.,

$$\text{PCDE} = \text{DE/P} \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$\text{PDE} = (y * x * \text{GSDP})/\text{P} \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods¹¹. Apart from improving the allocation towards development expenditure¹², particularly in view of the fiscal space

¹⁰ Absorptive capacity in this case refers to the ability of a state to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the design of the scheme are well planned with careful risk mitigation strategy in place, administrative costs are low, monitoring and control mechanisms are in place etc. so that the state is able to effectively achieve targeted outcomes.

¹¹ Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

¹² The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.10** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis that budgeted and of the previous years, **Table 1.11** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

Table-1.10: Development Expenditure

(Rupees in crore)

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Development Expenditure (a to c)	15331	17249	19139	22733	24237	34732
a. Development Revenue Expenditure	12184(39)	14435(43)	15884(42)	19017(45)	21987	30410(54)
b. Development Capital Expenditure	1810(6)	1625(5)	1938(5)	2621(6)	1291	3562(6)
c. Development Loans and Advances	1337(4)	1189(3)	1317(4)	1062(3)	959	760(1)

Source: Finance Accounts and Budget Publications

Figures in parentheses indicate percentage to aggregate expenditure

It would be seen from above that development revenue expenditure which stood at Rs 12184 crore during 2004-05 rose to Rs 30410 crore in 2008-09 i.e. a growth of nearly 150 per cent. Rate of growth in 2008-09 as compared to 2007-08 was about 60 per cent. While percentage of development revenue expenditure with respect to aggregate expenditure rose steadily from 39 per cent in 2004-05 to 54 per cent in 2008-09, development capital expenditure exhibited almost no change and mostly remained constant at six per cent (during 2005-09).

Chart 1.10 : Trend in Development Expenditure during 2004-05 to 2008-09

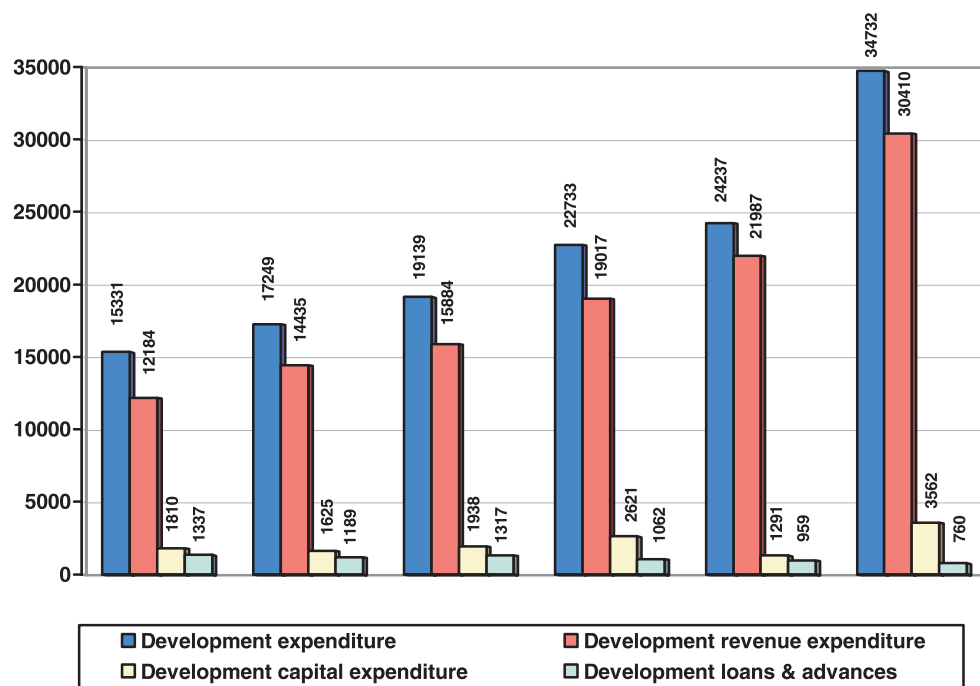


Table 1.11 –Efficiency of Expenditure Use in Selected Social and Economic Services

Social/Economic Infrastructure	Ratio of CE to TE	2007-08		Ratio of CE to TE	2008-09	
		In RE, the share of			In RE, the share of	
	In per cent	S &W	O&M*	In per cent	S&W	O &M**
		Rupees in crore			Rupees in crore	
Social Services (SS)						
General Education	0.44	5665	-	0.74	6321	1.86
Health and Family Welfare	5.99	1302	-	7.08	1438	14.51
WS, Sanitation, & HUD	21.70	621	-	23.96	704	145.59
Total (SS)	5.38	7946	-	6.79	8949	540
Economic Services (ES)						
Agri & Allied Activities	3.87	640	-	10.95	698	0.14
Irrigation and Flood Control	34.71	322	-	37.55	369	88.59
Power & Energy	94.45	1	-	11.44	1	-
Transport	27.06	91	-	34.02	85	0.12
Total (ES)	25.03	1785	-	14.54	1950	255
Total (SS+ES)	12.11	9731	-	10.49	10899	795

TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance * O&M expenditure for the year 2007-08 could not be segregated. ** As could be identified, may not reflect the complete picture

Source: Finance Accounts and VLC

Steep fall in the percentage of CE with respect to TE under the Power and Energy sector was due to increase in TE owing to waiver of Rs 8377.75 crore receivable from WBSEB as revenue expenditure under this sector.

In the absence of FRBM Act, prioritization of capital expenditure or any other expenditure policy was not easy to ascertain. A comparative study of various components of expenditure on social and economic services with particular focus on the trends in salary and wage for 2007-08 and 2008-09 would reveal that share of salary and wage in most of the components has gone up in 2008-09 as compared to 2007-08. Twelfth Finance Commission considered provision for education and health to be integral to any plan for restructuring public finances. Salary and Wage component in NPPE on education which stood at Rs 5592.38 crore in 2007-08 increased to Rs 6217.79 crore in 2008-09 i.e. a rise of Rs 625.41 crore (11 per cent). Likewise shares on health which was Rs 1079.81 crore in 2007-08, rose to Rs 1193.84 crore in 2008- 09 i.e. a rise of Rs 114.03 crore (11 per cent).

TFC recommended that annual rate of growth of non-plan salary expenditure under education and health and family welfare should be restricted within five to six per cent. However, during 2008-09 trends in expenditure (taking expenditure on both plan and non-plan heads) showed that the salary and wage component under education and health and family welfare sectors increased by 12 and 10 per cent respectively.

TFC had also desired that rate of growth under non-salary component in those two sectors should be 30 per cent per annum during the award period. However, during the current year, non-salary components under education and health and family welfare increased by 17 and 23 per cent respectively.

1.5.3 Flagship schemes: Position of expenditure

The Government of India has identified 27 Central Sector and Additional Central assistance linked schemes as flagship schemes depending on their expected impact on the social and economic development of the nation. Among these schemes, the following funds were released by the Central Government Ministries to the Government of West Bengal, its functionaries and various implementing agencies /NGOs.

Table 1.12: Expenditure vis-à-vis availability of funds under the flagship schemes implemented in West Bengal during 2008-09

Sl. No.	Name of the Scheme	Funds received			Expenditure	Percentage of expenditure to available funds
		From Govt	State share	Total including opening balance and funds received from other sources		
		Rupees in crore				
ACA Linked Schemes under the Administrative Control of States						
1	Accelerated Irrigation Benefits Programme	45.24	72.50	117.74	85.59	72.69
2	Jawaharlal Nehru National Urban Renewal Mission	684.21	400.18	1229.36	1023.38	82.24
3	Accelerated Power Development and Reform Programme	16.01	nil	102.33	86.32	84.35
4	Backward Regions Grant Fund	146.13	nil	333.01	184.97	55.54
5	National e-Governance Action Plan (NEGP)	nil	1.23	51.30 (upto February 2009)	11.77	22.94
6	National Social Assistance Programme (NSAP)	218.33	194.50	498.89	360.25	72.21
Central sector Scheme: Education Sector						
7	Sarva Shiksha Abhiyan	642.72	346.08	1418.15	1234.47	87.05
8	Mid Day Meal (MDM)	491.76	231.80	821.08	762.50	92.87
Central sector Scheme: Health related Sector						
9	National Rural Health Mission (NRHM)	282.35	33.91	630.12	293.55	46.59
10	Integrated Child Development Services	513.90	146.54	694.65	542.78	78.14
11	Total Sanitation Campaign	23.19	18.51	161.82	15.04	9.29
Central sector Scheme: Agriculture related Sector						
12	National Horticulture Mission	7.65	0.95	44.44	26.15	58.84
13	Macro Management of Agriculture	38.11	4.30	42.94	42.94	100
14	National Agricultural Insurance Scheme	15.91	16.43	49.64	49.12	98.95
15	Dry Land Farming System (Agri-Extension Scheme)	nil	1.00	1.00	0.99	99
16	Agriculture Extension	24.55	6.38	30.93	28.90	93.44
17	Integrated Scheme on Oilseeds, Pulses and Maize	6.49	2.17	8.66	8.66	100
18	Integrated Watershed Management Programmes	14.21	1.81	34.55	8.56	24.78
Central sector Scheme: Bharat Nirman Programme						
19	Pradhan Mantri Gram Sadak Yojana (PMGSY)	623.44	nil	872.38	583.20	66.85
20	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	nil	nil	3.15	2.71	86.03
21	Indira Awas Yojana (IAY)	571.17	130.80	861.52	453.40	52.63
22	Rural Drinking Water – Accelerated Rural Water Supply Programme (ARWSP)	389.39	54.21	609.55	553.68	90.83
23	National Rural Employment Guarantee Act	932.75	64.08	1350.65	940.38	69.62

Source: Information collected by the office of the Accountant General (A&E) from various State Government Departments and implementing agencies

Table 1.12 shows that utilisation of available funds under National e-Governance Action Plan, Total Sanitation Campaign and Integrated Watershed Management Programme varied between 9.29 and 24.78 per cent.

Besides stepping up the expenditure on key social and economic services, improvement in human development index requires the State to improve the delivery mechanism to obtain the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of Government expenditure.

1.5.4 Effectiveness of Expenditure, i.e. Outlay-Outcome Relationship

To assess the effectiveness of expenditures incurred on such schemes in the State, performance reviews were conducted on some of these flagship schemes under selected social and economic services considered critical. The results were included in the Civil Audit Reports of recent years on Government of West Bengal. The Civil Audit Report 2007-08 contained reviews on Mid-Day Meal scheme (3.2) and Accelerated Rural water Supply Programme (3.3). Observations on implementation of Sarva Shiksha Abhiyan and Integrated Child Development Services in West Bengal were included in the State Audit Report of 2005-06 and 2004-05 respectively.

Similarly, a performance review on National Rural Health Mission, a health sector flagship programme, was undertaken in the current year to ascertain effectiveness of expenditure in terms of outputs/outcomes vis-à-vis targets. The crucial points arising out of the review are outlined below:

Box 1.5: Review on National Rural Health Mission

Government of India launched National Rural Health Mission (NRHM) in April 2005 with a view to provide accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to poor and vulnerable sections of the population. The primary objectives of NRHM are to:

- involve the community in planning and monitoring;
- reduce infant mortality rate, maternal mortality rate and total fertility rate for population stabilisation; and
- prevent and control communicable and non-communicable diseases, including locally endemic diseases.

The Mission envisaged inter alia an increase in public spending on health from 0.9 per cent to two to three per cent of GSDP. The expected outcome of such a policy was not only increase in Central Government budgetary outlay on health, but also matching increase in State budget (including the contribution to the NRHM) by at least 10 per cent annually.

After the launch of NRHM, State Government had increased spending on health sector which had a positive impact on providing health care in rural areas. However, in 2007-08, total amount of expenditure under the health sector was only 0.95 per cent and the prospect of spending up to two to three per cent of GSDP on the health sector seemed remote.

Appendix 1.4 provides the summarised position of expenditure under NRHM and physical progress in terms of selected indicators of the scheme.

Despite increase in spending on health sector in the State, implementation of the scheme was adversely affected by the absence of reliable baseline data, as household and facilities surveys were not conducted. Rogi Kalyan Samitis are yet to adequately fulfil their role in monitoring and supervising the functioning of health care centres. Staffing of the health care centres, at different levels, continues to remain a cause for concern, since the stipulated complement of specialist medical and nursing staff was not available in most of the test-checked centres. Deficiencies of physical infrastructure also persisted, as construction of many health centre buildings and staff quarters either remained incomplete or were not started.

1.6 Financial Analysis of Government Expenditure and Investments

This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.6.1 Financial Results of Irrigation Works

Works in Irrigation Department are classified as productive or unproductive according to the net revenue (gross revenue less working expenses) derived from each work on the expiry of ten years from the date of closure of the construction and whether it covers or does not cover the prescribed annual interest charges on capital invested. If a work, classified as productive fails to yield the prescribed return for three successive years, it is transferred to the unproductive class. Similarly, if a work classified as unproductive succeeds in yielding prescribed return for three successive years, it becomes a productive one. There was, however, no productive work in the State at the end of 2008-09. Revenue realised from fourteen schemes during 2008-09 was only Rs 3.64 crore (nearly 0.18 per cent of the capital outlay of Rs 2009.76 crore). None of these schemes succeeded in earning revenue receipts so as to cover even direct working expenses. After meeting working expenses and interest charges, fourteen schemes suffered a net loss of Rs 156.30 crore (Damodar Valley Project: Rs 55.34 crore, Kangsabati Reservoir Project: Rs 48.37 crore, Mayurakshi Reservoir Project: Rs 20.97 crore and Teesta Barrage Project: Rs 21.86 crore).

1.6.2 Incomplete projects

The department-wise list of some major incomplete projects as on 31 March 2009, as intimated by the Departments as well as observed in course of Audit is given in **Table 1.13**. Projects for which the scheduled dates of completion are already over as well as the projects which commenced more than two years ago and the target dates of completion have been postponed in view of slow progress of work are included in the list:

Table 1.13: Department-wise Profile of Incomplete Projects

Department	Name of the incomplete Projects	Commencement date	Target date of completion	Initial Budgeted cost	Revised cost	Cumulative expenditure upto 2008-09
				(Rupees in lakh)		
Irrigation	Teesta Barrage Project	1975-76	1990	6972.00	298861.00	123173.00
	Goalmarajore Irrigation Scheme	1976-77	1980 81	51.93	301.00	NA
	Beko Irrigation Scheme	1976-77	1980 81	64.28	469.00	NA
	Moutotejee Irrigation Scheme	1975-76	1979 80	40.29	189.66	NA
	Patloi Irrigation Scheme	1976-77	1980 81	89.98	941.00	990.18
	Tatko Irrigation Scheme	1976-77	1980 81	97.85	1256.54	NA
	Khariberia Irrigation Scheme	1982-83	1986-87	110.00	352.00	NA
	Extension of Bandhu Irrigation Scheme	1982-83	1986-87	101.00	610.00	NA
	Futory Irrigation Scheme	1980-81	1984 85	56.27	1704.00	NA
	Construction of Minor Fishing Harbour at Petuaghat	2005-06	March 2010*	3180.00	4985.00	2412.06
Total	10 Schemes			10763.60	309669.20	126575.24

Department	Name of the incomplete Projects	Commencement date	Target date of completion	Initial Budgeted cost	Revised cost	Cumulative expenditure upto 2008-09
				(Rupees in lakh)		
Housing	Construction of 208 numbers of RHE flats (C I 80, D I-128) under RHS at Shampa Mirza nagar, 24 Parganas (S), Ph III	1999-2000	March 2010*	462.00	668.08	447.10
	Construction of 160 numbers of RHE flats under RHS at Becharam Chatterjee Road, Kolkata, Phase II	1998-99	March 2009*	254.92	483.63	381.22
	Construction of 152 numbers of RHE flats under RHS at Gumarmath, Budge Budge	1997-98	March 2011*	432.00	545.42	417.01
	Land acquisition of 2.49 acres at mouzas – Kushapata under PS Ghatal for Construction of RHE flats at Ghatal	2006-07	March 2009*	231.40	299.30	299.30
Total	4 Schemes			1380.32	1996.43	1544.63
Public Works Department	Construction of 122 seats Working Women Hostel – Phase II at Salt Lake	2006-07	March 2010*	177.30	177.30	157.55
	Development of South 24 Parganas district Headquarters at Baruipur. Acquisition of 143 acres of land.	2005-06	February 2006	949.00	NA	949.00
Total	2 schemes			1126.30	177.30	1106.55
Grand Total	16 Schemes			13270.22	311842.93	129226.42

Source: Finance Accounts as well as figures collected from Departments

* Target dates were revised periodically in view of slow progress of work

Thus, Rs 1292.26 crore remained blocked up in various incomplete schemes. Besides, there have been cost over-runs, since initial budgeted costs have been scaled up in almost all cases of time over-runs.

1.6.3 Investment and returns

As of 31 March 2009, Government had invested Rs 10163.21 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (Table 1.14). The average return on this investment was 0.05 per cent in the last three years while the Government paid an average interest rate of 9.18 per cent on its borrowings during 2007-2009.

Table-1.14: Return on Investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rupees in crore)	5905.99	6643.61	7641.58	8847.89	10163.21
Return (Rupees in crore)	0.43	1.58	2.34	6.22	6.05
Return (per cent)	0.01	0.02	0.03	0.07	0.06
Average rate of interest on Government borrowing (per cent)	10.08	9.15	9.48	9.03	9.02
Difference between interest rate and return (per cent)	10.07	9.13	9.45	8.96	8.96

Source: Finance Accounts

Government investment which was Rs 8847.89 crore in 2007-08 rose to Rs 10163.21 crore in 2008-09, i.e. a rise of Rs 1315.32 crore. This was on account of investment in Government companies and joint stock companies which rose to the extent of Rs 998.44 crore (Rs 716.41 crore in West Bengal State Electricity Distribution Company Ltd. and Rs 196.33 crore in West Bengal Electronic Industry Development Corporation Ltd.) and Rs 231.89 crore respectively in the current year (i.e. about 94 per cent of the rise in investment). Of Rs 10163.21 crore invested, Rs 63.34 crore of loans were converted into equity, though information from some units was yet to be received. The return on investment varied between 0.01 and 0.07 per cent while Government paid interest at the average rate of 9.02 to 10.08 per cent on its borrowings during 2004-09. The difference between the rate of return on Government investment and the average interest rate on the outstanding liabilities represented implicit subsidy of Rs 3632.91 crore.

1.6.4 Departmental Commercial Undertakings

Activities of quasi-commercial nature are also performed by departmental undertakings of certain Government Departments. Department-wise position of investment made by the Government up to the year for which pro forma accounts are finalised, net profits/loss as well as return on capital invested in these undertakings are given in **Appendix 1.5**. It is observed (**Appendix 3.4** may please be referred to) that:

- An amount of Rs 2371.81 crore had been invested by the State Government in these 15 undertakings at the end of financial year up to which their accounts were finalised.
- Of the total undertakings (20), only one undertaking viz. Scheme of Public Distribution of Foodgrains, could earn net profit amounting to Rs 0.31 crore as of 31 March 2005 (accounts are due from 2005-06) against the capital investment of Rs 495.97 crore thereby yielding the rate of return of 0.06 per cent.
- Of the loss making undertakings, 14 incurred losses continuously for more than five years and five undertakings have turned into non-performing ones. Directorate of Cinchona and other Medicinal Plants (Rs 395.32 crore), Greater Calcutta Milk Supply Scheme (Rs 1117.66 crore) and Directorate of Mechanised Brick Production (Rs 66.80 crore) were the main losing units. Failure to achieve production targets, low productivity of plantation labour, under utilisation of plant capacity, high production cost, low selling price, inadequate demand and under utilisation of chilling plants and processing capacity, inability to procure adequate raw milk, higher loss of fat and Solid not Fat, transportation loss, etc. were attributable reasons.
- The Accumulated losses of these departmental undertakings were Rs 1799.07 crore as against the total investment of Rs 2371.81 crore.

Audit of two units (Central Dairy and Haringhata Dairy) of Greater Calcutta Milk Supply Scheme showed that performance suffered from poor capacity utilisation and annual production in both the units was inadequate.

The **Table 1.15** below indicates the status of capacity utilisation and annual production achieved in the said units during 2006-07 to 2008-09.

Table 1.15: Status of Capacity vis-a vis production

Particular	2006-07		2007-08		2008-09	
	CD	HD	CD	HD	CD	HD
	(Thousand Kg per day)					
Installed Capacity	200.00	40.00	200.00	40.00	200.00	40.00
Actual Production	45.21	3.05	78.40	4.42	78.70	3.62
Percentage of capacity utilisation	22.61	7.63	39.20	11.05	39.35	9.05

Sources: Figures supplied by the dairies

CD: Central Dairy; HD: Haringhata Dairy

Despite de rating capacity of both the dairies, annual production remained very low in all the three years under consideration. The management attributed shrinkage in demand vis-à-vis collection of milk, poor marketing capabilities and old age of plant and machinery for low production.

1.6.5 Loans and advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government also provided loans and advances to many of these institutions/organisations. **Table 1.16** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last five years.

Table-1.16: Average Interest Received on Loans given by the State

(Rupees in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Opening Balance	15644.81	16235.57	16792.83	17872.19		18437.67
Amount advanced during the year	1337.36	1188.59	1317.26	1062.12	958.93	759.65
Amount repaid during the year	746.60	631.33	237.90	496.64	63.34	5615.83
Closing Balance	16235.57	16792.83	17872.19	18437.67		13581.49
Of which Outstanding balance for which terms and conditions have not been settled	922.66	1007.47	1186.96	1239.71		1050.09
Net addition	590.76	557.26	1079.36	565.48		(-) 4856.18
Interest Receipts	461.81	248.03	549.14	558.51		3865.93 ¹³
Interest receipts as per cent to outstanding Loans and advances	2.84	1.48	3.07	3.03		28.46
Interest payments as per cent to outstanding fiscal liabilities of the State Government.	10.08	9.15	9.48	9.03		9.02
Difference between interest payments and interest receipts (per cent)	7.24	7.67	6.41	6.00		19.44

Source: Finance Accounts

The amount of loan advanced during the current year decreased by Rs 302.47 crore (28.48 per cent) from the level of Rs 1062.12 crore in 2007-08 to Rs 759.65 crore in 2008-09. Energy sector received less loan to the tune of Rs 381.88 crore counter balanced by increase in loan amount of Rs 65.42 crore advanced to water supply, sanitation, housing and Urban Development. Number of loans for which terms and conditions had not been settled were 1739 involving Rs 1050.09 crore. *The earliest of such loans, the terms and conditions for which remain unsettled, pertain to 1969-70.* **Table 1.16** reveals a reversal in the current year so far as amount of loan advanced and that of loan recovered are concerned. During the year, recovery of loans shot up to Rs 5615.83 crore as compared to Rs 496.64 crore realised in the previous year. Of this, Rs 5575.38 crore alone was repaid by the Energy Sector. Such a huge rise was, however, attributable to contra credit of Rs 4874.50 crore in the loan head, in connection with waiver of dues (Rs 8247 crore including interest of Rs 3245.50 crore and guarantee fee of Rs 127 crore) receivable from WBSEB. Similarly, interest receipt of Rs 3865.93 crore includes book adjustment of Rs 3245.50 crore. Test check of records of Finance and four other departments (Power, Transport, Urban Development and Micro and Small Scale Enterprises and Textiles) revealed that the departments did not maintain records of loan, repayment schedule, actual repayment made and amount overdue for repayment.

¹³ Of Rs 3865.93 crore, Rs 3245.50 crore was book adjustment as detailed in sub para 1.6.5. With its exclusion from amount of interest received, percentage (28.46) of interest receipt to outstanding loans and advances would come down to 4.57.

Of the closing balance of Rs 13581.49 crore, Rs 13559.06 crore (99.83 per cent) related to Power Department. The actual repayment of loans against the amount overdue in respect of Power Department is given below:

Table 1.17 Repayment of loans and advances under the Power Department

Year	Total outstanding	Instalment Overdue	Repayment	Loan converted into Equity	Actual recovery	Percentage of recovery to overdue loans
(1)	(2)	(3)	(4) = (5+6)	(5)	(6)	(7)
(R u p e e s i n c r o r e)						
2004-05	12063.17	1247.17	294.40	291.84	2.56	0.21
2005-06	12504.35	1894.87	583.82	486.68	97.14	5.13
2006-07	13436.60	2245.90	159.71	141.83	17.88	0.80
2007-08	13763.92	2245.90	439.91	194.76	245.15	10.92
2008-09	13559.06	2321.69	515.20	-	-	-

Source: Figures collected from Power Department

It may be observed that over the years, portions of loans have been converted to equity. Despite that, the recovery remains very low.

1.6.6 Cash balances and investment of cash balances

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank daily a minimum balance of Rs 2.48 crore with effect from 1 May 2000. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking special or normal ways and means advance/overdraft from the bank. During the year 2008-09, the State Government had to resort to special and normal ways and means advances and overdrafts for 127, 35 and four days respectively (total 166 days) indicating increasing mismatch between State's flow of resources and its expenditure obligations. During this year quantum of such advances (repaid fully within the year) was Rs 9263.91 crore (which includes overdraft of Rs 432.72 crore) while Rs 12.82 crore had to be borne by the State towards interest thereon.

Table 1.18 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.18: Cash Balances and Investment of Cash balances

(Rs in crore)

Particulars	As on 1st April 2008	As on 31st March 2009	Increase/ Decrease
Cash Balances	4094.78	4907.45	(+) 812.67
Investments from Cash Balances (a to d)	2382.24	1976.81	(-) 405.43
a. Gov Treasury Bills	2382.24	1976.81	(-) 405.43
b. Gov Securities	-	-	-
c. Other Securities	-	-	-
d. Other Investments	-	-	-
Funds-wise Break-up of Investment from Earmarked balances (a and b)	1928.59	3034.41	(+) 1105.82
a. Sinking Funds	1928.00	3033.82	(+) 1105.82
b. Development of Welfare Fund	0.59	0.59	-
Interest Realised	63.31	64.84	(+) 1.53

Source: Finance Accounts

1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such Assets Liabilities as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. During 2004-08, assets-liability ratio hovered around 0.32 to 0.35, which further eroded to 0.28 during the current year. Such glaring mismatch indicated that only 28 per cent of the liabilities had the asset back-up which calls for immediate rectification.

1.7.2 Fiscal Liabilities

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are part of public account, include deposits under small savings scheme, provident funds and other deposits.

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.2**. However, the compositions of fiscal liabilities during the current year vis-à-vis the previous year are presented in **Charts 1.11** and **1.12**.

Chart 1.11: Composition of Outstanding Fiscal Liabilities as on 1.4.2008 (Rupees in crore)

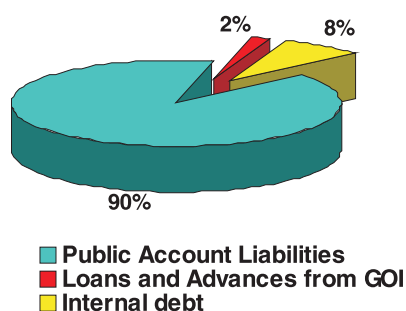
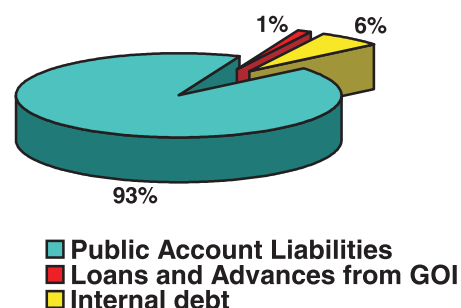


Chart 1.12: Composition of Outstanding Fiscal Liabilities as on 31.3.2009 (Rupees in crore)



Overall fiscal liabilities of the State increased from Rs 134402 crore in 2007-08 to Rs 148110 crore in 2008-09. The growth rate was 10.20 per cent during 2008-09 over previous year. The ratio of fiscal liabilities to GSDP marginally decreased from 48.89 per cent in 2007-08 to 47.89 per cent in 2008-09. These liabilities stood at about four times of the revenue receipts and about eight times the State's own resources as at the end of 2008-09. Rate of growth of fiscal liabilities was greater (at about 17 per cent) as compared to growth of GSDP at about 10 per cent in 2004-05. Rate of growth of fiscal liabilities, however, became moderate thereafter.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the West Bengal Ceiling on Government Guarantees Act 2001 there is a provision that the total outstanding Government guarantees as on the first day of April of any year shall not exceed 90 per cent of the State Revenue Receipts of the second preceding year of such year as they stood in the books of the Accountant General (A & E), West Bengal.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years is given in **Table 1.19**.

Table-1.19: Guarantees given by the Government of West Bengal

(Rupees in crore)

Guarantees	1 April 2005	1 April 2006	1 April 2007	1 April 2008	1 April 2009
Maximum amount guaranteed	21487.60	22378.72	21826.39	23117.70	19974.48
Outstanding amount of guarantees	14870.54	14084.92	13136.64	13683.86	11972.75
Percentage of outstanding amount guaranteed to revenue receipts of second preceding year	102	85	66	58	46
Ceiling fixed by State Government act (90 per cent of revenue receipt of the second preceding year)	13073	14947	17926	21353	27150

Source: Finance Accounts

The total guarantee of the Government decreased from Rs 23117.70 crore in 2007-08 to Rs 19974.48 crore in 2008-09. Outstanding guaranteed loan amount also decreased from Rs 13683.86 crore in 2007-08 to Rs 11972.75 crore in 2008-09. Outstanding amount of Government guarantee with respect to the State's Revenue Receipts of the corresponding second preceding year were within the permissible ceiling of 90 per cent as prescribed under the relevant Act from 2005-09. *The Twelfth Finance Commission envisaged setting up of a guarantee redemption fund through earmarked guarantee fees. This also required risk weighting of guarantees and subsequent decision on the quantum of contribution to the fund. However, no such fund has been created by the State Government as yet.*

Loanees, for whom the State Government provided guarantees to financial institutions, require to pay guarantee fee at the rate of 0.5 or one per cent of the total guaranteed amount for 2008-09, loanees did not pay any guarantee fee and the State Government waived guarantee fee of Rs 127 crore payable by the West Bengal State Electricity Board. Outstanding guarantee fee accumulated in respect of four Departments amounted to Rs 135.16 crore (Power: Rs 107.10 crore; Urban Development : Rs 22.20 crore; Transport : Rs 4.63 crore and Micro and Small Scale Enterprises and Textiles : Rs 1.23 crore).

1.8 Debt Sustainability

Debt sustainability is defined as the ability to maintain a constant debt GSDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt * rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt GSDP ratio would be constant or sustainable. On the other hand, if it is negative, debt GSDP ratio would rise and if it turns positive, it would fall.

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine debt sustainability¹⁴ of the State. This section assesses sustainability of debt of the State Government in terms of debt stabilisation¹⁵; sufficiency of non-debt receipts¹⁶; net availability of borrowed funds¹⁷; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.20** analyses debt sustainability of the State according to these indicators for the period of five years beginning from 2004-05.

Table 1.20: Debt Sustainability: Indicators and Trends

(Rupees in crore)

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilisation (Quantum Spread + Primary Deficit)	(-) 1047 (-) 161+(-) 886	637 271+366	6785 7036+(-) 251	6485 6291+194	3860 4677+(-) 817
Debt-GSDP ratio	0.548	0.545	0.508	0.489	0.479
Sufficiency of Non-debt Receipts (Resource Gap)	2216	1051	(-) 1828	30	(-) 2158
Net Availability of Borrowed Funds	6454	9228	(-) 1798	2074	1783
Burden of Interest Payments (IP/RR Ratio)	0.49	0.42	0.43	0.38	0.35

Source: Figures from Finance Accounts

It would be evident from Table 1.20 that quantum spread together with primary deficit was negative during 2004-05. It, however, turned positive in 2005-06 and continued to remain positive till 2008-09. The debt-GSDP ratio, which was 0.548 in 2004-05, steadily came down to 0.479 in 2008-09. Despite this improving trend, incremental non-debt receipts were not adequate to cover the incremental interest burden together with incremental primary expenditure threatening debt-sustainability in 2008-09. Again, net availability of borrowed funds would indicate that debt receipts were mostly used in debt redemption and quantum of borrowed funds available to the state for operational purposes were reducing over the years. TFC recommended that in case of all the states the level of interest payments relative to revenue receipts should fall to about 15 per cent by 2009-10. In case of West Bengal, the same was 35 per cent in 2008-09. Moreover, with incremental interest payment becoming higher, debt-GSDP ratio failed to remain constant over the years and thereby rendering debt position of the state unsustainable.

With this backdrop, a look at the maturity profile (vide **Table 1.21**) would also reveal that quantum of annual liability towards redemption of State debt will be increasing steadily in the years to come.

¹⁴ Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.

¹⁵ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would rise and in case it is positive, debt-GSDP ratio would eventually fall.

¹⁶ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

¹⁷ Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which debt receipts are used in debt redemption indicating net availability of borrowed funds.

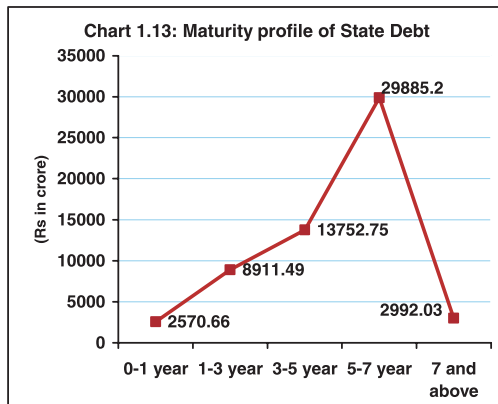


Table 1.21 Maturity profile of State Debt
(percentage in respect of total are shown in brackets)

Within the period of	Amount to be matured
One year	Rs 2265.21 crore (4)
One to three years	Rs 8911.49 crore (15)
Three to five years	Rs 13752.75 crore (24)
Five to seven years	Rs 29885.20 crore (51)
Seven years and more	Rs 2992.03 crore (6)
Total redeemable debt	Rs 58040.99 crore

Source: Finance Accounts

Table 1.21 indicates that 51 per cent of the debt liability will have to be settled in five to seven years. This bunching of debt repayments calls for a careful strategy to redeem the debt without either resorting to very high borrowings or cutting down operational expenditure.

1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. Deficit in Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits for the financial year 2008-09.

1.9.1 Trends in Deficits

Charts 1.14 and **1.15** present trends in deficit indicators over the period 2004-09.

Chart 1.14 : Trends in Deficit Indicators

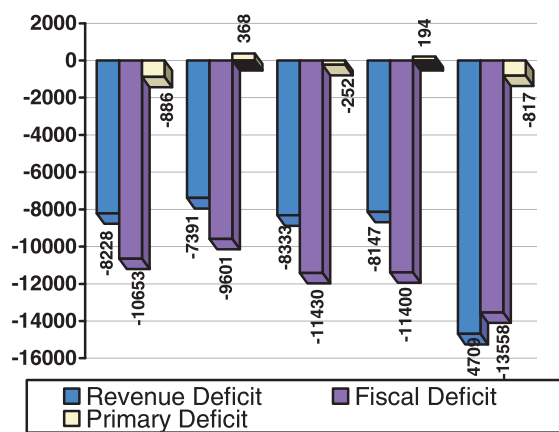
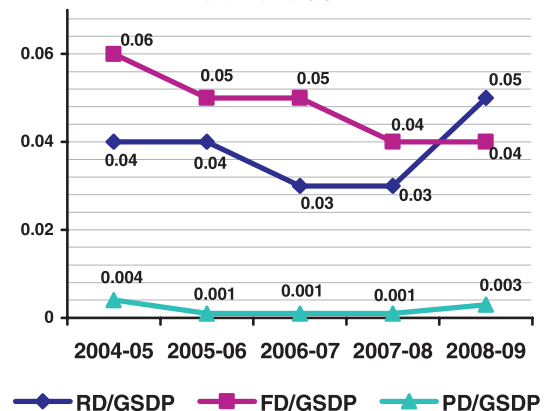


Chart 1.15: Trends in Deficit indicators relative to GDP



Revenue deficit, which hovered between Rs 7392 crore and Rs 8333 crore during 2004-08, shot up steeply to Rs 14709 crore¹⁸ in 2008-09, i.e a growth of about 81 per cent as compared to the previous year. The gap between resources and expenditure on revenue account along with capital expenditure incurred and loans and advances disbursed led to higher magnitude of fiscal deficit. Fiscal deficit which was Rs 10652 crore in 2004-05 touched Rs 13558 crore in 2008-09 registering a growth of 27 per cent. As compared to the previous year (Rs 11400 crore), the rate of growth was 19 per cent.

¹⁸ Writing off of Rs. 8247 crore receivable from the WBSEB and booking the same as Revenue expenditure was the main reason.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

Financing pattern of fiscal deficit has undergone a compositional shift as reflected in **Table 1. 22**.

Table 1.22: Components of Fiscal Deficit and its Financing Pattern

(Rs in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit	10652(5.6)	9603(4.61)	11430(4.75)	11400(4.15)	13558(4.38)
1. Revenue Deficit	8228 (4.32)	7392(3.55)	8333 (3.46)	8147(2.96)	14709 (4.76)
2. Net Capital Expenditure	1834	1653	2018	2688	3705
3. Net Loans and Advances	590	558	1079	565	(-) 4856
Financing Pattern of Fiscal Deficit*					
1 Market Borrowings	4019	1268	843	10740	11543
2. Loans from Gol	417	4311	(-) 658	10753	(-) 585
3. Special Securities Issued to NSSF	10228	10726	8245	936	520
4. Loans from Financial Institutions	(-) 705	1204	(-) 1097	(-) 293	(-) 335
5. Small Savings, PF etc	276	288	314	319	355
6. Deposits and Advances	1194	(-) 1242	893	789	1231
7. Suspense and Miscellaneous	(-) 4546	1772	2628	501	712
8. Remittances	67	(-) 5	244	133	274
9. Others	-	-	-	-	-
10. Overall Surplus/Deficit	(+) 298	(+) 8719	(-) 18	(+) 12478	(+) 157

Figures in brackets indicate the per cent to GSDP.

*All these figures are net of disbursements/outflows during the year

Source: Finance Accounts

In financing this high magnitude of deficit, Government had to resort to market borrowings which stood at Rs 4019 crore in 2004-05 and jumped to Rs 10740 crore in 2007-08 registering a growth of 167 per cent. It further increased by seven per cent in 2008-09 as compared to the previous year and was Rs 11543 crore, which was 85 per cent of the Fiscal deficit. Another major source was loans from Gol, which also shot up to Rs 10753 crore in 2007-08 from the level of Rs 417 crore in 2004-05. Special securities issued to NSSF also assumed a greater role till 2006-07 in financing deficits. However, amounts received on this score came down thereafter and was only Rs 520 crore this year. Other sources, on which Government had to fall back upon, were Small Savings, Deposits and Advances, suspense and Miscellaneous, remittances etc.

1.9.3 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) did not have asset backup. The bifurcation of primary deficit (**Table 1.23**) indicates the extent to which deficit has been on account of enhancement in capital expenditure which is desirable for improvement of the productive capacity of the State's economy.

Table 1.23: Primary deficit/Surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary revenue deficit (-) /surplus (+)	Primary deficit (-) / surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	20665	18379	1835	1337	21551	(+) 2286	(-) 886
2005-06	24357	21148	1653	1189	23990	(+) 3209	(+) 367
2006-07	26066	22982	2018	1317	26317	(+) 3084	(-) 251
2007-08	30664	26721	2688	1062	30471	(+) 3943	(+) 193
2008-09	42520	38872	3705	760	43337	(+) 3648	(-) 817

Source: Finance Accounts

Though, there was primary deficit during 2008-09, proportion of Capital expenditure with respect to total expenditure remained as low as seven per cent.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of deficit correction. **Table 1.24** presents the change in revenue receipts of the State and the deficit correction during the last three years.

Table-1.24: Change in revenue Receipts and Correction of Deficit

Rupees in crore (Per cent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	25828(10.73)	30167(10.97)	36066	36904(11.93)
a. State's Own Tax Revenue	11695 (4.86)	13126 (4.77)	16223	14419 (4.66)
b. State's Own Non- tax Revenue	1249 (0.52)	1473 (0.54)	1771	4966 (1.61)
c. State's Share in Central Taxes and Duties	8505 (3.53)	10729 (3.90)	12633	11322 (3.66)
d. Grants-in-Aid	4379 (1.82)	4839 (1.76)	5439	6197 (2)
Revenue Expenditure	34161(14.19)	38314(13.94)	43776	51613(16.69)
Revenue Deficit/Surplus	-8333 (3.46)	-8147 (2.96)	-7710	-14709(4.76)
Fiscal Deficit/Surplus	-11430(4.75)	-11400(4.15)	-11818	-13558(4.38)

Source: Finance Accounts

The table above brings out that Revenue Receipt grew by 22 per cent in 2008-09 over that of 2007-08. State's own Tax Revenue which was Rs 13126 crore in 2007-08 rose to Rs 14419 crore in 2008-09 (10 per cent growth). Similarly, Central transfer, which was Rs 10729 crore in 2007-08, rose to Rs 11322 crore (six per cent growth) in 2008-09. Grants in aid during the same period rose from Rs 4839 crore in 2007-08 to Rs 6197 crore in 2008-09 (i.e. 28 per cent increase). Revenue Expenditure, on the other hand, was Rs 38314 crore in 2007-08 and grew by 35 per cent to Rs 51613 crore in 2008-09.

It would be seen that actual revenue expenditure was 18 per cent above budget estimate. Revenue deficit was 91 per cent higher than the budget estimate, while fiscal deficit remained 15 per cent higher than that estimated in budget.

Increase in revenue receipt of Rs 6737 crore in 2008-09 over 2007-08 was not sufficient to cover interest payment (Rs 12741 crore). The scenario was the same in earlier two years also and resulted in growing revenue deficits. Fiscal deficits also increased from Rs 11400 crore in 2007-08 to Rs 13558 crore in 2008-09. Increasing trend in committed expenditure like salary, Pension and interest payments over the years led to resources being committed to revenue expenditure which could otherwise have been utilised for capital expenditure. As a result, Government debt which is the outcome of accumulation of borrowing and is used to finance fiscal deficits can become unsustainable.

1.10 Conclusions

The Twelfth Finance Commission suggested that the States should enact their fiscal responsibility legislations, bringing down the revenue deficit to zero and fiscal deficit to sustainable level by 2008-09. Owing to non-enactment of this legislation, there were no statutory bindings or commitment to achieve fiscal targets by Government of West Bengal. Due to non enactment of the fiscal responsibility legislation, the State Government had foregone relief on interest payments of Gol loans.

Though the Revenue receipts registered a growth of about 22 per cent over the previous year, it was basically the result of book adjustment of outstanding interest receivable by the Government, which had inflated the non-tax revenue figure without any actual inflow of revenue. In fact, Tax Revenue of the State for 2008-09 fell far short by almost 38 per cent as compared to the normative projections made by Twelfth Finance Commission.

While Revenue expenditure constituted 92 per cent of the total expenditure, Non Plan Revenue expenditure continued to be a matter of concern as it accounted for 78 per cent of total expenditure and was substantially higher than both the normative projections of Budget estimates of the Government by 35 and 25 per cent respectively. Committed expenditure like, salaries, interest payments and subsidies together accounted for 84 per cent of revenue receipts. Total salary bills relative to revenue expenditure net of interest payments and pension stood at 40 per cent in 2008-09 against 35 per cent prescribed by TFC.

Although capital expenditure of the State increased by 102 per cent over last five years, it accounted for a meagre five to seven per cent of aggregate expenditure, which was much lower than the all States' average (16.87 per cent). The State also fell short of national average in terms of prioritisation on development expenditure and social sector expenditure.

The cash balance position of the State was also not healthy, as it had to resort to overdraft of Rs 432.72 crore, which should have been avoided.

The State managed to realise only Rs 3.64 crore against the capital outlay of Rs 2009.76 crore on irrigation works. On the investment front again Government could earn only Rs 6.05 crore against Rs 10163.21 crore invested in statutory corporations, rural banks etc. The return on investment varied between 0.01 and 0.07 per cent while Government paid interest at the average rate of 9.02 to 10.08 per cent on its borrowings during 2004-09, leading to an implicit subsidy of Rs 3632.91 crore. There was also striking mismatch between assets and liabilities of the State, as only 28 per cent of State liabilities had asset back-up.

Revenue Deficit, which was to be eliminated by 2008-09, stood at Rs 14709 crore. TFC had also recommended reducing fiscal deficit to three per cent of GSDP. Fiscal deficit was, however, Rs 13558 crore as against the normative target of Rs 9278 crore as per this yardstick. Debt GSDP ratio, which should have been 28 per cent, was 48 per cent during 2008-09. As in the earlier years, continued prevalence of Revenue and Fiscal Deficits indicates increasing reliance on borrowed funds, a substantial part of which is being used to meet current expenditure requirements of the State Government. Increasing Fiscal Liabilities accompanied with negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to unsustainable debt situation in medium to long run unless suitable measures are initiated to compress the non plan Revenue Expenditure and to mobilise additional resources both through tax and non tax sources in the years to come.

1.11 Recommendations

- **Greater prioritization for Capital expenditure:** *The State may consider enhancing the priority it assigns to capital expenditure. During last five years, as a proportion of aggregate expenditure, capital expenditure was a meagre five to seven per cent, which was substantially lower as compared to the all states' average (para 1.5.1)*
- **Review of State Government Investments:** *The average return on West Bengal Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.01 and 0.07 per cent while Government paid interest at the average rate of 9.02 to 10.08 per cent on its borrowings during 2004-09. It would be desirable that the State Government ensures better value for money in investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial return. Only those projects, which are justified on account of low financial but high socio-economic return, may be identified and prioritized.*
- **Monitoring over funds transferred directly from the Government of India to the state implementing agencies:** *As these funds remain outside the State budget, there is no single agency monitoring its use. Resultantly, no consolidated data is available as to the quantum of total such funds actually available/spent in centrally sponsored schemes directly funded by the Central Government. A system has to be in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the O/o Accountant General.*
- **Debt sustainability:** *State Government should endeavour to maintain debt GSDP ratio in such a manner that incremental non debt receipts becomes adequate to cover the incremental interest burden. Otherwise, debt receipt would continue to be used mostly in debt redemption with quantum of borrowed fund reduced for operational purposes including less expenditure being incurred on creation of capital assets. As revealed from the maturity profile of outstanding debt (table 1.21), 90 per cent of the debt liability will have to be settled in two to seven years. This calls for a careful strategy to redeem the debt without either resorting to very high borrowings or cutting down operational expenditure.*

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year as compared with amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-09 against 60 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/ Supplementary provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	31151.75	10478.05	41629.80	39773.84	(-) 1855.96
	II Capital	3296.74	1294.95	4591.69	4038.19	(-) 553.50
	III Loans and Advances	958.93	83.67	1042.60	759.65	(-) 282.95
	IV. Public Debt	0.40	-	0.40	-	(-) 0.40
Total Voted		35407.82	11856.67	47264.49	44571.68	(-) 2692.81
Charged	IV Revenue	13125.10	31.53	13156.63	12815.32	(-) 341.31
	V Capital	-	3.69	3.69	2.61	(-) 1.08
	VI Public Debt- Repayment	5923.97	8035.56	13959.53	14118.77	(+) 159.24
Total Charged		19049.07	8070.78	27119.85	26936.70	(-) 183.15
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		54456.89	19927.45	74384.34	71508.38	(-) 2875.96

Source: Appropriation Accounts

The overall saving of Rs 2875.96 crore was the result of saving of Rs 3581.85 crore in 53 grants and 27 appropriations under Revenue Section and 43 grants and 20 appropriations under Capital Section, offset by excess of Rs 705.89 crore in eight grants under Revenue Section and nine grants under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (5 June 2009) to the Controlling Officers requesting them to explain the significant variations. Out of 1175 sub-heads, explanations for variations were not received (June 2009) in

respect of 1048 sub-heads (Saving: 744 sub-heads and Excess: 304 sub-heads). Substantial savings occurred in Commerce and Industries, Education (School), Finance and Panchayat and Rural Development Departments. Substantial excess occurred in Finance, Public Works and Self Help Group and Self Employment Departments. Reasons for savings and excesses were not furnished by the Departments.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 79 cases, savings exceeded Rs 10 crore in each case or by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of Rs 3581.85 crore, savings of Rs 2852.66 crore (80 per cent) occurred in 22 cases¹ relating to 19 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	5-Agriculture	397.33	117.96	515.29	447.10	68.19
2	6-Animal Resources Development	367.56	-	367.56	315.29	52.27
3	12-Development and Planning	233.96	13.53	247.49	155.78	91.71
4	13-Education (Higher)	976.90	53.70	1030.60	953.56	77.04
5	15-Education (School)	6565.74	411.34	6977.08	6564.69	412.39
6	24-Health and Family Welfare	2006.06	-	2006.06	1917.45	88.61
7	35-Labour	261.22	-	261.22	210.93	50.29
8	38-Minority Affairs and Madrasah Education	326.43	84.88	411.31	256.52	154.79
9	39-Municipal Affairs	1799.91	17.27	1817.18	1747.43	69.75
10	40-Panchayat and Rural Development	2337.12	38.11	2375.23	2118.65	256.58
11	45-Public Health Engineering	317.71	-	317.71	254.54	63.17
12	47-Disaster Management	567.77	224.40	792.17	652.90	139.27
13	53-Transport	482.88	-	482.88	385.37	97.50
14	54-Urban Development	1294.76	-	1294.76	1154.62	140.14
15	56-Women and Child Development and Social Welfare	872.23	174.92	1047.15	985.26	61.89
Capital-Voted						
1	9-Commerce and Industries	99.16	186.18	285.34	47.62	237.72
2	24-Health and Family Welfare	197.41	-	197.41	137.87	59.54
3	25-Public Works	670.85	-	670.85	617.01	53.84
4	32-Irrigation and Waterways	430.87	-	430.87	244.37	186.50
5	43-Power and Non Conventional Energy Sources	1008.47	556.73	1565.20	1497.14	68.06
6	45-Public Health Engineering	676.29	283.64	959.93	825.66	134.27
Revenue-Charged						
1	18-Finance	12945.38	-	12945.38	12656.24	289.14
	Total					2852.66

Source: Appropriation Accounts

¹ Exceeding Rs 50 crore in each case

- Under Grant No. 5 in Revenue Voted Section, main reason for savings was augmentation of funds by supplementary provision in March 2009 required for Additional Central Assistance Scheme under Stream II of Rashtriya Krishi Vikas Yojana (RKVY).
- Under Grant No. 13 in Revenue Voted Section, saving was mainly attributable to supplementary provision in March 2009 required for larger establishment charge for the Universities.
- Under Grant No. 15 in Revenue Voted Section, saving (Rs 145.82 crore) was due to augmentation of funds by supplementary provision in March 2009 required for meeting increased liabilities on different plan schemes. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 38 in Revenue Voted Section, saving of Rs 131.19 crore was the result of supplementary provision in March 2009 required for increased establishment charges. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 45 in Revenue Voted Section, saving (Rs 53.87 crore) was due to minus expenditure arising out of settlement of interim transactions booked under Suspense head in connection with purchase and supply of material for works of the Public Works Department. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 47 in Revenue Voted Section, saving were attributable to supplementary provision in March 2009 for meeting larger expenditure towards normal G.R.–Food and Clothes (Rs 20.20 crore), supply of Tarpaulins etc (Rs 52.37 crore) and Housing (Rs 11.90 crore). Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 56 in Revenue Voted Section, supplementary provision for releasing additional funds received from GOI under Centrally Sponsored (New Schemes) as well as matching State's share under State Plan Sector for implementation of Supplementary Nutritional Programme resulted in savings.
- Savings (Rs 195.33 crore) under Capital Voted Section of Grant No. 9 was due to supplementary provision in March 2009 for conversion of unsecured loans sanctioned to the West Bengal Industrial Development Corporation into equity (Share Capital). Savings in other cases of the grant were not intimated.
- Savings of Rs 134.27 crore under the Grant No. 45 (Capital Voted Section) were mainly attributable to supplementary provisions in March 2009 for eradication of Arsenic Contamination under recommendation of Twelfth Finance Commission (Rs 90.31 crore), for meeting expenditure of Water Supply Schemes under Municipalities (Rs 12.20 crore) and for creation of funds releasing additional Central Assistance received from GOI for Darjeeling Water Supply Pumping Scheme (Rs 20 crore).

Reasons for savings under other grants were not intimated.

2.3.2 Persistent Savings

In 21 cases, during the last five years there were persistent savings of more than Rs 1 crore in each case and also by 10 per cent or more of the total grant (**Table 2.3**)

Table 2.3: List of Grants registering persistent savings during 2004-09

(Rupees in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	1 State Legislature	5.46 (26)	5.34 (24)	5.69 (25)	4.95 (17)	7.41 (25)
2	7 Backward Classes Welfare	-*	65.55 (19)	58.33 (16)	64.06 (15)	-*
3	10 Consumer Affairs	2.65 (13)	3.05 (14)	4.85 (20)	6.47 (25)	5.26 (18)
4	22 Food Processing Industries and Horticulture	1.91 (12)	7.29 (40)	8.72 (48)	12.56 (33)	19.01 (32)
5	31 Information and Technology	7.31 (55)	5.05 (20)	14.49 (52)	17.77 (33)	13.96 (30)
6	34 Judicial	27.01 (18)	25.09 (17)	20.80 (14)	30.48 (17)	34.10 (17)
7	35 Labour	54.28 (28)	55.59 (28)	55.09 (27)	-*	50.29 (19)
8	38 Minority Affairs and Madrasah Education	0.58 (15)	0.88 (21)	16.34 (79)	128.64 (54)	154.79 (38)
9	39 Municipal Affairs	-*	65.99 (83)	42.43 (39)	269.88 (17)	-*
Capital-Voted						
1	5 Agriculture	8.07 (98)	8.26 (77)	6.14 (42)	14.74 (87)	4.93 (58)
2	9 Commerce and Industries	6.89 (19)	3.88 (10)	11.65 (21)	9.42 (18)	237.72 (83)
3	15 Education (School)	3.00 (60)	2.50 (50)	4.11 (68)	14.35 (77)	7.68 (56)
4	19 Fire Services	6.36(80)	3.99 (50)	3.39 (38)	5.68 (38)	6.44 (26)
5	22 Food Processing Industries and Horticulture	3.15 (97)	2.67 (51)	4.51 (55)	17.20 (85)	3.38 (41)
6	23 Forest	12.62 (84)	8.85 (59)	12.86 (86)	12.37 (49)	-*
7	24 Health and Family Welfare	32.43 (70)	19.62 (28)	62.67 (54)	67.83 (52)	59.54 (30)
8	25 Public Works	230.05 (48)	266.83 (39)	310.31 (43)	240.03 (29)	-*
9	32 Irrigation and Waterways	73.46 (34)	92.34 (37)	180.58 (52)	126.14 (35)	186.50 (43)
10	36 Land and Land Reforms	0.43 (98)	2.08 (20)	7.52 (30)	2.21 (19)	13.90 (43)
11	39 Municipal Affairs	125.87 (92)	65.99 (83)	42.43 (39)	35.41 (30)	41.66 (22)
12	51 Technical Education and Training	1.45 (83)	4.91 (81)	9.08 (70)	2.63 (43)	-*

Source: Appropriation Accounts

*Savings were within 10 per cent of the respective grant

Further analysis showed that the following were the main reasons attributable to persistent savings:

- Savings under Revenue Voted Section of Grant No. 7 – Backward Classes Welfare were due to supplementary provision for development of Primitive Tribal Groups as well as for Old age pension to person belonging to SC and ST, release of funds received from Government of India as well as under Special Central Assistance for Special Component Plan and Tribal Sub Plan and also for sanctioning students' scholarship to Post Secondary Students.
- In respect of Savings under Revenue Voted Section of Grant No. 35- Labour, augmentation of funds by supplementary provision for meeting establishment charges and for providing financial assistance to increased number of workers and also for Government contribution to Provident Fund Scheme for unorganised workers was the main attributable factor.
- Under Capital Voted Section of Grant No. 25 – Reasons for Savings were minus expenditure in transactions of Public Works System of accounts under Suspense, for adjustment of the amount under 'West Bengal Transport Infrastructure Development Fund'.

Reasons for savings in other major cases under Revenue Voted and Capital Voted Section were not intimated.

2.3.3 Excess Expenditure

In ten cases, expenditure aggregating Rs 23631.65 crore exceeded the approved provisions by Rs 10 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.2**.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/ service without provision of funds. It was, however, noticed that expenditure of Rs 1332.10 crore was incurred in 32 cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
4-Agricultural Marketing-Capital (Voted)-6408-Loans for Food Storage and Warehousing 02 Storage and Warehousing 190 Loans to Public Sector and other Undertakings-SP-001-Loans to BENFED for procurement of Potatoes		10.00
9-Commerce and Industries-2852-Industries-80-General-800- Other Expenditure-SP 001- State Government's Grants to WBIDC for development in Infrastructure facilities in the "No. Industry District"		42.79
11-Micro and Small Scale Enterprises and Textiles-2851-Village and Small Industries-110 SP007 Development Schemes for Khadi and Village Industries-Composite Village and Small Industries and Co-operatives –Plan-CS 017-Handloom Cluster Development		6.21
11- Micro and Small Scale Enterprises and Textiles-2851-Village and Small Industries-102-Small Scale Industries-SP 016-Repairing, Renovation and Upgradation of Industrial Estate		6.00
15-Education(School)-2202 General Education-01-Elementary Education 112 National Programme of Mid Day Meals in Schools-CS 003-Assistance for Transportation of foodgrain under MDM Scheme		5.25
16-Environment-3435-Ecology and Environment-04-Prevention and Control of Pollution 800 Other Expenditure-SP 003-Subsidy to three wheeler units for retrofitting kit for change of fuel from petrol to LPG		3.00
	18-Finance-Revenue(Charged)-2049-Interest Payments 01 Interest on Internal Debt 101-Interest on Market Loans (Charged)-Non Plan	
	085-8.30 per cent West Bengal Government Stock, 2018	78.35
	086-8.60 per cent West Bengal Government Stock, 2018	79.68
	087-8.52 per cent West Bengal Government Stock, 2018	42.60

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
	089-9.38 per cent West Bengal Government Stock, 2018	37.52
	090-7.87 per cent West Bengal Government Stock, 2018	55.09
	091-9.90 per cent West Bengal Government Stock, 2018	39.60
	092-8.80 per cent West Bengal Government Stock, 2018	79.20
	18-Finance-Capital (Charged)-6003-Internal Debt of the State Government-	
	111-Special Securities issued to National Small Savings Funds of the Central Government-Non-Plan	
	001-13.50 per cent Government of West Bengal (NSSF)(Non-transferable) Special Securities, 1999(FA)	64.53
	002-12.50 per cent Government of West Bengal (NSSF)(Non-Transferable)Special Securities, 2000(FA)	129.13
	003-11 per cent Government of West Bengal (NSSF)(Non-transferable) Special Securities, 2001 (FA)	106.87
	004-Government of West Bengal (NSSF) (Non transferable) Special Securities	208.14
	6004-Loans and Advances from the Central Government-01-Non-Plan-Loans – 101 Loans to cover gap in resources Non-Plan 001-Special Medium-Term Non-Plan Loans	75.89
24-Health and Family Welfare- Revenue (Voted)-2210-Medical and Public health-06-Public Health-800-Other Expenditure SP 002-Other Preventive Services in Scheduled Castes Areas		3.50
2211-Family Welfare-200 Other Services and Supplies CS 007-Other Expenditure		5.25
24-Health and Family Welfare- Capital (voted)-4210-Capital Outlay on Medical and Public health 01 Urban Health Services 800 Other Expenditure-SP-040-Establishment of Centre of Excellence on Transfusion Medicine		4.85
25-Public Works-Revenue(Voted)-3054-Roads and Bridges		
80 General 797 Transfers to/from Reserve Fund Deposit Account -Non Plan-001-Transfer to the deposit account for subventions from Central Roads Fund		8.24
Plan-SP 002-Transfer to West Bengal Transport Infrastructure Development Fund		42.69
Capital (voted)-4059-Capital Outlay on Public Works 80 General 800 Other Expenditure-SP 001 - Construction of underground Car Park and beautification of BBD Bag		13.02

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
4210-Capital Outlay on Medical and Public Health 03 Medical Education, Training and Reserch 105 Allopathy-SP 001-Development of Teaching Facilities in Ayurvedic System of medicine (HF)		11.87
39-Municipal Affairs-Revenue (Voted)- 2217-Urban Development 05 Other Urban Development Schemes-192-Assistance to Municipalities		
Municipal Councils-SP 002-Integrated Housing and Slum Development Programme		40.53
40-Panchayat and Rural Development-Revenue(Voted)		
2235-Social Security and Welfare		
60-Other Social Security and Welfare programmes 800 Other Expenditure-Non-Plan-002-Implementation of Sahay Programme		10.00
51-Technical Education and Training-Capital (Voted)-		
4202-Capital Outlay on Education, Sports, Art and Culture 02 Technical Education 104 Polytechnics-SP 007-Setting up of New Polytechnics, new ITI-s Entrepreneurship Development Institute		8.02
4250-Capital Outlay on other Social Service 00 201 Labours-CS 002-Upgradation of ITI-s into Centres of Excellence (Central Share)		1.99
54-Urban Development-2217-Urban Development 05 Other Urban Development Schemes 191 assistance to Municipal Corporations-SP 004-Grants to HIT for construction of a large park at Salkia and four small parks at Makardah Road, Gadadhar Mistri Lane, Kasundia road and Kankrapara		4.67
SP 053-Grants to ADDA for BSUP Schemes under JNNURM (JNURM)(UD)		7.62
59-Self-Help Group and Self-Employment-Capital (Voted)-4435-Capital Outlay on other Agricultural Programmes-101-marketing facilities-SP 010-State contribution to Swarojgar		100.00
Total		1332.10

Source: Appropriation Accounts

Expenditure of Rs 7598.98 crore incurred without provisions for Special Ways and Means Advances and Overdraft under Grant no 18 (6003- internal debt of the State Government) has not been included in the list.

In none of the cases, reasons for incurring expenditure without any budget provision were intimated by the Departments (September 2009).

2.3.5 Drawal of funds to avoid lapse of budget grant

Rules 4.004 and 4.005 of West Bengal Treasury Rules inter alia stipulate that (i) no money should be drawn from the Consolidated Fund unless it is required for immediate disbursement and (ii) the money should be spent for the purpose for which it was provided for in the Appropriation Act by the Legislature.

Test-check of records of four DDOs revealed that an amount of Rs 65.17 crore, allotted for implementation of various development schemes was transferred to Deposit Accounts from different Service Heads by drawing transfer credit bills ('NIL' bills) from the Treasury during 2008-09, as detailed below:

Table 2.5: Amount transferred to Deposit Account

(Rupees in crore)

Name of the DDO	Amount transferred	Service Head	Deposit Head	Name of the authority operating the Deposit Account
DM, Cooch Behar	13.03	5475, 3425, 2509, 2230, 5452, 2575	8443	DM
DM, South 24 Parganas	17.12	5475, 3423, 2505, 2575, 3425, 4202	8443	DM
DM, North 24 Parganas	8.85	2217, 2575, 2515, 5475, 4202	8443	DM
	11.81	3604	8448	Zilla Parishad, North 24Pgns
DM, Howrah	14.36	5475, 2575, 2235, 4202, 3452	8443	DM
	65.17			

Source: Records of test-checked DDOs

Thus, Rs 65.17 crore, though booked as expenditure, was not actually spent but credited to Deposit Account, thereby inflating the expenditure shown in the Government Account for 2008-09.

2.3.6 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to Rs 28200.65 crore for the years 2003-2008 was yet to be regularised as detailed in **Appendix 2.3**. The year-wise amounts of excess expenditure pending regularisation for grants/appropriations are summarised in **Table 2.6**.

Table 2.6: Excess over provisions relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (Rupees in crore)	Status of Regularisation
	Grants	Appropriations		
2003-04	11 (Grant Nos. 7, 9, 16, 29, 31, 37, 47, 51, 54, 55, 56)	9 (Grant Nos. 5, 9, 18, 27, 28, 36, 43, 45, 47)	10734.02	Act of Regularisation on excess expenditure for the years 2003-08 is awaited. Consolidated replies from Government for the years 2003-08 were yet to be received
2004-05	8 (Grant Nos. 8, 18, 20, 25, 29, 48, 53, 56)	7 (Grant Nos. 1, 6, 18, 20, 21, 24, 36)	4767.14	
2005-06	13 (Grant Nos. 6, 7, 9, 11, 20, 30, 38, 44, 45, 50, 52, 53, 54)	4 (Grant Nos. 6, 12, 18, 43)	260.64	
2006-07	12 (Grant Nos. 8, 9, 11, 13, 20, 26, 28, 30, 31, 43, 45, 54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293.31	
2007-08	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12145.54	
Total	58	36	28200.65	

Source: Appropriation Accounts

Non regularisation of excess expenditure indicates breach of legislative control over appropriations.

2.3.7 Excess over provisions during 2008-09 requiring regularisation

Table 2.7 contains the summary of total excess expenditure under 13 grants and four appropriations amounting to Rs 705.89 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2008-09 which requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2008-09

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
			(Rupees in crore)		
Voted Grants					
1	4 Capital	Agricultural Marketing	4.85	13.35	8.50
2	9 Revenue	Commerce and Industries	315.87	352.85	36.98
3	18 Revenue	Finance	4716.22	4819.02	102.80
4	20 Revenue	Fisheries	86.47	93.40	6.93
5	21 Revenue	Food and Supplies	865.11	932.43	67.32
6	25 Revenue	Public Works	1167.77	1303.91	136.14
7	27 Revenue	Home	1734.71	1768.35	33.64
8	35 Capital	Labour	0.27	0.28	0.01
9	50 Capital	Sunderban Affairs	75.00	84.41	9.41
10	52 Revenue	Tourism	26.89	27.68	0.79
11	53 Capital	Transport	206.28	242.31	36.03
12	54 Capital	Urban Development	48.24	52.38	4.14
13	59 Capital	Self Help Group and Self Employment	2.09	102.09	100.00
Total		Voted			542.69
Charged Appropriations					
1	12 Capital	Development and Planning	0.0022	0.0027	0.0005
2	18 Capital	Finance	13841.34	14003.93	162.59
3	39 Capital	Municipal Affairs	0.8800	1.48	0.60
4	53 Revenue	Transport	9.5845	9.5912	0.0067
Total		Charged			163.2022
Grand total					705.89

Source: Appropriation Accounts

The excess expenditure for the years 2003-04 to 2008-09 which needs regularisation, stood at Rs 28906.54 crore as of March 2009. In case of most of the grants, obtaining inadequate supplementary provision led to excess expenditure, which indicates lack of control over financial management by the controlling officers.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs 846.86 crore obtained in 24 cases (Rs 50 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**. On the other hand, in 10 cases, supplementary provision of Rs 8689.91 crore proved insufficient by more than Rs 1 crore in each case leaving an aggregate uncovered excess expenditure of Rs 689.06 crore (**Appendix 2.5**).

Under Revenue Voted Section of Grant No. 15 Education (School), against original provision of Rs 6565.74 crore expenditure incurred was Rs 6564.69 crore resulting in savings of Rs 1.05 crore. One supplementary provision for Rs 411.34 crore made in this grant, thus proved unnecessary.

Similarly, under Revenue Voted Section of Grant No. 38 – Minority Affairs and Madrasah Education, in which saving out of original provision stood at Rs 69.91 crore, further supplementary provision of Rs 84.88 crore was unrealistic.

Also under Capital voted Section of Grant No. 9 (Commerce and Industries) in which saving out of original provision was Rs 51.54 crore, further supplementary provision of Rs 186.18 crore proved to be unnecessary.

All these indicated lack of control on the part of the controlling authorities towards budget formulation.

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases were noticed where injudicious re-appropriation proved excessive or insufficient leading to savings of Rs 166.20 crore (in 33 sub-heads under 13 grants) and excess expenditure of Rs 35.79 crore (in 18 sub-heads under 12 grants), as detailed in **Appendix 2.6**.

Under 2515 Other Rural Development Programmes–00-789 Special Component Plan for SC SP 002 Grants to Panchayat Bodies as per recommendation of Second State Finance Commission (GLB) [PN] of Grant No. 40 Panchayat and Rural Development, Rs 1.05 crore was withdrawn by re appropriation from original provision of Rs 108.40 crore, but even then savings to the tune of Rs 63.61 crore occurred reflecting injudicious re appropriation.

2.3.10 Unexplained re-appropriations

According to Paragraph 14 of West Bengal Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statement. However, out of 92 re-appropriation orders issued during 2008-09 for Rs 523.25 crore, reasons were furnished only in respect of Rs 262.78 crore.

2.3.11 Surrender in excess of actual saving

Under Grant number 34 Judicial (Revenue Charged), out of total grant/ appropriation of Rs 56.66 crore, there were savings of Rs 14.02 crore. The Department, however, surrendered Rs 22.14 crore indicating excess surrender of Rs 8.12 crore. Absence of proper prudence and budgetary control led to such excess surrender.

2.3.12 Anticipated savings not surrendered

As per Budget Manual, spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, under 50 grants and 11 Appropriations, no part of the aggregate savings of Rs 2636.80 crore was surrendered by the concerned Departments, as detailed in **Appendix 2.7**. Such un-surrendered savings accounted for 74 per cent of the total savings during 2008-09.

Similarly, out of total savings of Rs 576.35 crore under eight other grants and one appropriation (each with a saving of Rs 1 crore and above), amount aggregating Rs 165.64 crore (29 per cent of savings under those grants) were not surrendered, details of which are given in **Appendix 2.8**.

Besides, in five cases, (surrender of funds in excess of Rs 10 crore), Rs 454.48 crore were (**Appendix 2.9**) surrendered on the last working day of March 2009 indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

2.3.13 Rush of expenditure

According to Rule 389 A of West Bengal Financial Rule, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 18 major-heads, expenditure exceeding Rs 10 crore or more than 50 per cent of the total expenditure for the year was incurred in March 2009. **Table 2.8** presents the major heads where more than 50 per cent expenditure was incurred during the last month of the financial year.

Table 2.8: Cases of rush of expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No	Major Head	Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2205-Art and Culture	40.35	25.49	63	22.37	55
2	2425-Co-operation	121.71	89.92	74	82.65	68
3	2711-Flood Control and Drainage	105.25	62.58	59	54.75	52
4	2801-Power **	8426.53	8339.18	99	8339.18	99
5	2810-Non-Conventional Energy Sources	11.01	10.61	96	10.61	96
6	2852-Industries	392.71	208.45	53	205.64	52
7	3435-Ecology and Environment	9.17	8.25	90	7.76	85
8	3452-Tourism	25.71	22.35	87	16.36	64
9	4070-Capital Outlay on Other Administrative Services	40.77	36.37	89	29.20	72
10	4202-Capital Outlay on Education Sports, Art and Culture	58.82	54.20	92	50.74	86
11	4215 Capital Outlay on Water Supply and Sanitation	825.66	682.47	83	616.14	75
12	4235-Capital Outlay on Social Security and Welfare	58.89	35.95	61	32.95	56
13	4250 Capital Outlay on Other Social Services	15.46	14.34	93	13.16	85
14	4435 Capital Outlay on Other Agricultural Programmes	105.44	103.35	98	103.35	98
15	4711-Capital Outlay on Flood Control Projects	137.86	95.86	70	88.44	64
16	4860-Capital Outlay on Consumer Industries	16.85	12.79	76	12.79	76
17	5075-Capital Outlay on Other Transport Services	81.26	80.26	99	80.26	99
18	5475 Capital Outlay on Other General Economic Services	11.57	11.27	97	10.27	89

Source: Expenditure booked by AG (A&E)

** Ninety nine per cent of the expenditure was booked only in March 2009 as the same relates to waiver of dues of Rs 8377.75 crore receivable from WBSEB, which was approved on 31 March 2009

The position emerging from **Table 2.8** above reveals that although financial rules require that Government expenditure should be evenly distributed throughout the year, rush of expenditure particularly in the closing months of the financial year occurred. Under those major heads, as shown in the **Table 2.8**, 52 to 99 per cent of expenditure was incurred in March 2009. Thus, uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained indicating deficient financial management.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

Administrative Departments issue sanction orders with the concurrence of Finance Department, authorising different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) bills. These AC bills are required to be adjusted by submission of Detailed Contingent (DC) bills with the countersignature of the Controlling Officer within 60 days from the respective dates of drawal from the Treasury or within one month from the date of actual utilisation of amounts drawn.

As per Sub Rules (5) and (6) of Rule 4.138 of West Bengal Treasury Rules, 2005, every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

Records of 59 Drawing and Disbursing Officers (DDOs), who had drawn 2119 AC bills for Rs 179.19 crore during 1988-89 to 2008-09, were test checked. It revealed that the total amount of DC bills received was only for Rs 39.64 crore (225 bills) leading to an outstanding balance of DC bills for Rs 139.55 crore (1898 bills) as on 31 March 2009 as shown in **Table 2.9**.

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in crore)

Year	Amount of AC bills	Amount of DC bills	Percentage of adjustment	Outstanding amount of AC bills
1988-2008	129.74	26.73	21	103.01
2008-2009	49.45	12.91	26	36.54
Total	179.19	39.64	22	139.55

Source: Records of 59 DDOs test-checked in audit

It transpires that out of aggregate outstanding bills for Rs 139.55 crore, Rs 103.21 crore (79 per cent) have been lying unadjusted for more than one year. Department-wise list of unadjusted AC bills is given in **Appendix 2.10**. Long pending bills mainly pertained to 10 DDOs².

Due to long pendency, possibility of misuse of Government funds and misappropriation thereof could not be eliminated.

Further scrutiny of relevant vouchers showed the following:

- Four³ DDOs spent Rs 35.16 lakh towards purchase of metal detector, stationery articles, Sharp Photo Copier, toner, search light, computer peripherals, doors, windows, sofa sets, dinner set, repairing of toilets, water pipeline, Xerox machine etc. by diverting funds from election/other funds drawn through AC bills in contravention of Financial Rules and orders of the Government.
- Ninety seven AC bills amounting to Rs 20.75 crore were drawn by 16 DDOs for various purposes at the fag end of each financial year during 2003-2009 to avoid lapse of budget grant, of which eight⁴ DDOs drew Rs 18.59 crore. Out of Rs 20.75 crore, Rs 20.05 crore remained unadjusted.

² DM, Howrah (Rs. 6.18 crore); DM, North 24 Parganas (Rs 19.42 crore); DM, South 24 Parganas (Rs 8.99 crore); Director General, West Bengal Fire & Emergency Services (Rs 3.41 crore); CMOH, North 24 Parganas (Rs 1.53 crore); Commandant, SAP, 2nd Battalion, Barrackpore (Rs 1.56 crore); DM, Nadia (Rs 3.91 crore); Director of Health Services (Rs 7.69 crore); DM, Purulia (Rs 15.64 crore) and DM, Jalpaiguri (Rs 2.91 crore).

³ SP, Uttar Dinajpur : Rs 0.48 lakh, DG&IG of Police, West Bengal : Rs 28.52 lakh, SP, Dakshin Dinajpur : Rs 4.66 lakh and DM, Malda: Rs 1.50 lakh

⁴ Commandant, SAP 2nd Battalion, Barrackpore: Rs 7.79 crore, DM, Nadia: Rs 2.76 crore, Administrative Officer, Kolkata Police : Rs 2.62 crore, DM, Jalpaiguri : Rs 2.31 crore, SDO, Basirhat : Rs 1.12 crore, DM, Howrah : Rs 0.92 crore, Director General, West Bengal Fire & Emergency Services : Rs 0.56 crore and Director of Disaster Management : Rs 0.51 crore

- A sum of Rs 1.50 crore was drawn in one AC bill during 2008-09 by the Joint Director, ARD, Institute of Animal Health & Veterinary Biologicals (R&T), Belgachia, Kolkata. The same was sanctioned for the purpose of implementation of schemes under Rashtriya Krishi Vikash Yojana. The entire amount was drawn without any specific order and kept deposited in the Savings Bank Account as of May 2009 in the name of "Regional Disease Diagnostic Laboratory, Kolkata" at SBI, Paikpara Branch, which was irregular.

Prolonged retention of public funds by DDOs without adjustment by submission of DC bills is fraught with the risk of serious financial irregularities/misappropriation.

2.4.2 Un-reconciled Expenditure

To enable controlling officers of Departments to exercise effective control over expenditure to keep it within budget grants and to ensure accuracy of their accounts, Financial Rules (Rule 385 of West Bengal Financial Rules) stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of Departmental figures was pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continues to persist. In 2008-09, out of total expenditure of Rs 55318.61 crore, 34 per cent DDOs did not reconcile expenditure amounting to Rs 39695.70 crore as of March 2009. The State Government has not yet furnished a list of Controlling Officer and DDO linkage.

2.5 Personal Deposit Accounts

Personal Deposit (PD) Account or Personal Ledger Account (PLA) is created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads.

There were 106 PL Accounts in operation in 68 District treasuries and Pay and Accounts offices. Only one of these accounts was closed as of March 2009. Total amounts remaining parked in PL Accounts of the State increased from Rs 743.95 crore as of March 2005 to Rs 1697.48 crore as of March 2009. Of these 105 unclosed accounts, 45 accounts were not operated during 2008-09. During the year 2008-09, all 85 Treasuries have been inspected by the Accountant General (A&E). Information on amounts of balances parked in those inoperative PL Accounts and the periods for which these accounts remained inoperative was not available.

Test check of 20 PLAs, opened during the period from 1962-63 to 1994-95, of 18 DDOs showed the following irregularities:

- None of the DDOs closed the PLAs at the end of the financial years as required under rules. This resulted in accumulation of Rs 194.72 crore at the end of 31 March 2009. Four PLAs⁵ with a balance of Rs 1.03 crore remained inoperative for seven to 22 years. PLA of Dum Dum Central Correctional Home was not in operation for almost 22 years while the others were inoperative for periods from seven to 10 years.
- Six DDOs retained unspent balances of Rs 86.05 crore for various periods from 1990 91 to 2008-09, pertaining to different schemes.

⁵ MSVP, National Medical College and Hospital, Superintendent, Dum Dum Central Correctional Home, DG of Police, West Bengal and Joint Director, Animal Resources Development (Poultry)

Table 2.10: Retention of unspent balances in PL Accounts

Sl. No.	Name of the DDO	Amounts held in PL Accounts as of March 2009 (Rupees in crore)	Schemes/purposes to which the funds pertained
1	DM, Coochbehar	19.12	Health Project, Mid day Meal etc
2	DM Murshidabad	29.47	District Plan Schemes,
3	DM Birbhum	7.06	Mid day Meal, Bidhayak Elaka Unnayan Prakash etc.
4	DM 24 Parganas (South)	29.74	Bidhayak Elaka Unnayan Prakash, Chash O Basobaser Prakash etc.
5	DG of West Bengal Police	0.18	Border Area Development Project, Modernisation for West Bengal and Kolkata Police etc.
6	MSVP, National Medical College and Hospital	0.48	Hospital receipts

Source: Records of DDOs test-checked

- There were discrepancies pertaining to 11 DDOs between PLA Cash Books and corresponding Treasury Pass Books in respect of PLAs due to non reconciliation as required under Rule 6.08 (5) of WBTR 2005.
- In two offices, namely office of the District Magistrate, Murshidabad and Superintendent, National Medical College and Hospital the discrepancies (of Rs 0.08 crore and Rs 0.37 crore respectively) between balances in Cash Book and Treasury Pass Book in respect of the PL Accounts could not be explained. The DDOs did not take any effective effort in this regard.
- The Director of Public Instruction (DPI) parked an amount of Rs 0.89 crore given in his custody by the different Trustee Boards although the same was not supposed to be deposited in PL Account. The DPI at his discretion invested the fund and disbursed its interest to the Trustees without observing the rules of PL Account.

Thus, funds meant for various developmental works were parked in PLAs not only hampering the progress of works but also distorting the figure of expenditure incurred during the financial year.

2.6 Errors in Budgeting Process

The system of preparation of budget as followed by two Departments namely, Land and Land Reforms and Animal Resources Development Departments, were test-checked and the following lapses were noticed:

(i) Defective system of preparation of budget

Under the provision of West Bengal Financial Rules and Budget Manual, the departmental budget estimates are required to be prepared by respective departments of Government after obtaining budget proposals from the subordinate offices.

The departmental Controlling Officer or a Disbursing Officer under whose disposal a grant is placed is required to keep constant watch over the progress of expenditure under different units of appropriation, separately for voted and charged items. He has to maintain separate records of liabilities and effectively monitor the progress of expenditure incurred by the Drawing and Disbursing Officers (DDOs) subordinate to him by obtaining monthly Statement of Expenditure (SOE) from the latter. Further, departmental Controlling Officers are also required to maintain Departmental Consolidated Account (DCA) and to arrange their verification monthly with those maintained by the Accountant General (Accounts and Entitlement), West Bengal.

Neither of the test checked Departments viz. Land and Land Reforms and Animal Resources Development either maintained any DCA or pursued the issue of obtaining SOEs with respective DDOs.

System of monitoring progress of expenditure was not in vogue. Thus, in preparation of budget estimate, actual expenditure was not taken into consideration. The two Departments prepared their budget estimates on the basis of gross approximation by adding a percentage on the expenditure figures of previous financial years.

The two Departments did not maintain records of sanctioned strength vis-à-vis actual men in position under their Directorates. As a result, budget provision on pay and allowances of staff was also not realistically arrived at.

The Land and Land Reforms Department incurred expenditure of Rs 99.34 lakh without budget provision during 2003-04 to 2007-08 while the Animal Resources Development Department incurred expenditure of Rs 8.16 crore without budget provision during the same period, flouting financial rules.

(ii) Injudicious re appropriation/Unnecessary supplementary grant/ Injudicious surrender

The Animal Resources Development Department had an original budget provision of Rs 97.30 crore, which was supplemented by re appropriation of Rs 1.72 crore. Against the net grant of Rs 99.02 crore, actual expenditure was Rs 85.99 crore resulting in savings of Rs 13.03 crore. Thus, it was evident that the re appropriation made proved injudicious as expenditure incurred was far below the original grant.

The original grant obtained by Land and Land Reforms Department during the year 2004-05 to 2007-08 was Rs 327.57 crore against which there was a savings of Rs 24.13 crore. However, the Department obtained supplementary grant of Rs 13.29 crore which was not required. The Animal Resources Development Department also obtained supplementary grant of Rs 12.93 crore during 2004-05 and 2007-08, although Rs 23.94 crore occurred as savings against the original grant of Rs 65.79 crore. The supplementary grants thus proved unnecessary.

Without realistic assessment of budget requirement, the Land and Land Reforms Department surrendered a sum of Rs 102.39 lakh under eight sub heads of accounts in 2004-05. However, the expenditure of the department for the same period was Rs 318.01 lakh resulting in excess expenditure of Rs 225.54 lakh, which proved such surrender of fund to be injudicious. Likewise the Animal Resources Development Department also surrendered a sum of Rs 1.24 crore (out of original grant of Rs 39.98 crore and net re-appropriation of (-) Rs 0.30 crore), whereas expenditure incurred was Rs 42.80 crore resulting in excess expenditure of Rs 4.36 crore under 25 sub heads during 2003-04 to 2005-06.

(iii) New Service/New Instrument of Service

In three cases involving three grants (Grant: 38 under Minority Affairs and Madrasah Education Department; Grant: 24 under the Health and Family Welfare Department and Grant: 59 under Self-Help Group and Self Employment), expenditure aggregating Rs 110.68 crore, which should have been treated as 'New Service/New Instrument of Service', was incurred without the approval of the Legislature.

2.7 Outcome of Review of Selected Grants

A review of two grants (Grants No. 6: Animal Resources Development and 36: Land and Land Reforms) for the period 2003-04 to 2007-08 revealed the following:

A review of budgetary and expenditure control in Grants No. 6 and 36 showed persistent savings (-)/excesses (+) as shown in the following table. Percentages of variation with respect to net budget allotment are also indicated in brackets.

Table 2.11: Cases of persistent savings/excesses

(Rupees in lakh)

Major Head	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grant number: 6 – Animal Resources Development						
2404-Dairy Development	(-) 1298.41 (10)	(-) 5095.24 (37)	(-) 1257.22 (15)	(-) 3577.28 (31)	(-) 2142.49 (21)	(-) 3051.01 (27)
2415-Agricultural Research and Education	(-) 79.77 (13)	(-) 123.87 (19)	(-) 185.81 (28)	(-) 257.58 (36)	(-) 61.74 (11)	(-) 88.86 (15)
3451-Secretariat-Economic Services	-	-	(-) 12.79 (12)	(-) 16.11 (14)	-	-
4403-Capital Outlay on Animal Husbandry	-	(-) 239.53 (90)	(-) 210.45 (79)	(-) 92.93 (67)	(-) 860.22 (89)	(-) 755.10 (80)
Grant number: 36 Land and Land Reforms						
2052-Secretariat-General Services	(-) 155.78 (24)	(-) 92.39 (16)	-	-	(-) 79.49 (12)	-
3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	(+) 1126.70 (5639)	(-) 7.75 (11)	(+) 85.83 (120)	(+) 5.23 (12)	(-) 20.33 (43)	(-) 33.82 (65)
5475-Capital Outlay on Other General Economic Services	(-) 44.44 (95)	(-) 43.31 (98)	(-) 208.18 (20)	(-) 751.55 (30)	(-) 220.84 (19)	(-) 972.56 (46)

Source: Appropriation Accounts

Cases where variations were within 10 per cent of budget provision are not indicated

Further, also under the following heads of accounts, variations were noticed in actual expenditure figures with respect to net budget allotments:

Table 2.12: Instances of variations with respect to net budget allotments

(Rupees in lakh)

Major Head	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grant number: 6 – Animal Resources Development						
4404-Capital Outlay on Dairy Development	(-) 160.83 (72)	(-) 169.04 (79)	(+) 338.09 (144)	(-) 42.95 (67)	(-) 159.14 (35)	(-) 204.53 (81)
Grant number: 36 Land and Land Reforms						
2049-Interest Payments	(+) 13.28 (20)	(+) 195.62 (239)	(-) 83.26 (96)	(-) 132.23 (100)	(-) 200.00 (100)	(-) 174.32 (87)
2216-Housing	(+) 1.42 (11)	(+) 43.01 (280)	(-) 38.41 (85)	(+) 39.31 (61)	(-) 4.98 (60)	(+) 4.10 (40)
2401-Crop Husbandry	-	(-) 11.54 (35)	(+) 38.08 (115)	(-) 25.80 (52)	(+) 49.11 (164)	(-) 8.36 (27)
3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	(+) 1126.70 (5639)	(-) 7.75 (11)	(+) 85.83 (120)	(+) 5.23 (12)	(-) 20.33 (43)	(-) 33.82 (65)

Source: Appropriation Accounts

These were indicative of unrealistic assessment of budget estimates and laxity in budgetary control by the departments of Animal Resources Development (for Grant No. 6) and Land and Land Reforms (for Grant No. 36), reasons for which were not furnished by the Departments, though called for (April 2009).

2.8 Recommendations

- *Each controlling officer should explain the reasons for substantial variations (i.e. more than five per cent), if any, in actual expenditure as compared to budget estimates, so that the same may be included meaningfully in the appropriation accounts.*
- *The Finance Department should look into every case of persistent savings/excesses.*
- *The Finance Department should obtain explanations from individual departments on excess expenditure over allotment pertaining to 2003-04 onwards and forward the consolidated replies to the Public Accounts Committee for facilitating regularisation under Article 205 of the Constitution.*
- *Non surrendering of anticipated savings by various Departments needs to be seriously viewed.*
- *The issue of huge accumulation of unadjusted abstract contingent bills should be looked into and a target date should be stipulated by each controlling officer for submission of outstanding detailed contingent bills by his subordinate DDOs.*
- *Reconciliation of figures recorded by controlling officer with those booked by Accountant General should be done carefully.*
- *Immediate steps need be taken for review of status of PL Account and closure of inoperative ones.*

FINANCIAL REPORTING

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing Utilisation Certificates

Subsidiary rule 330A under the West Bengal Treasury Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees within one year from the date of release of grant, unless specified otherwise, and after verification, these should be forwarded to the Accountant General. However, of the 64354 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 14428.60 crore paid up to December 2007, 64301 UCs (99.91 per cent) for an aggregate amount of Rs 14323.70 crore were in arrears. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**. The age-wise delays in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

(Rupees in crore)

Sl. No.	Range of Delay in Number of Years	Total grants paid		Utilisation Certificates Outstanding	
		Number	Amount	Number	Amount
1	0 - 1	-	-	-	-
2	1 - 3	97985	16184.81	30013	7133.16
3	3 - 5	45078	8736.52	24600	4974.59
4	5 - 7	15624	3011.03	9688	2215.95

Source: VLC : Accountant General (A&E)

Of 9688 number of cases involving Rs 2215.95 crore remaining outstanding for more than five years, 5187 number of cases involving Rs 1254.99 crore pertained to Education Department alone. Besides, 1117 number of cases involving Rs 59.94 crore related to Panchayat and Rural Development Department while 1633 number of cases involving Rs 444.01 crore pertained to Municipal Affairs Department.

3.2 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. Examiner of Local accounts, West Bengal, under the Accountant General (Receipts, Works and Local Bodies Audit), West Bengal is the statutory Auditor of Autonomous Local Bodies. Out of 83¹ bodies/authorities, 87 annual accounts of 48 bodies/authorities were received and were audited² during 2008-09. The accounts so audited pertained to the period from 2002-03 to 2007-08.

¹ Universities : 10, District Primary School councils : 19, District library authorities : 18, Fish Farmers' Development Agencies : 18, Educational institutions : 3, Other Institutions/Bodies : 15

² including transaction audit of 154 accounts

Two hundred eleven (211) annual accounts of 45 autonomous bodies/ authorities due up to 2007-08 had not been received as of June 2009 by the Examiner of Local accounts, West Bengal, under the Accountant General (Receipts, Works and Local Bodies Audit), West Bengal. The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**

Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies

Delay in Number of Years	No. of the Bodies/ Authorities*
0 - 1	7
1 - 3	5
3 - 5	16
5 - 7	13
7 - 9	2
9 & above	2

Source: VLC : Accountant General (A&E)

*As grants released to Urban Local Bodies/Urban Development Authorities are not classified separately and since all the units are not audited in a particular year, complete picture of grants released is not readily available.

Grants aggregating Rs 128.05 crore, meant for development purposes were lying unspent with the 30 bodies (one University, 13 District Primary School Councils, four Fish Farmer Development Authorities and 12 District Library Authorities) whose accounts for varying periods between 2002-03 and 2007-08 were audited during 2008-09. The details are given in **Appendix 3.3**. The concerned bodies did not furnish reasons for non utilisation and non refund of the Government grants. There was nothing on record to show whether any action have been taken to adjust/refund the unutilised grants.

3.3 Delays in Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in various fields namely, area development, animal resources, human rights, legal services, housing etc. A large number of these bodies are audited by the CAG with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial control, review of systems and procedures etc. The audit of accounts of 36 Bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in **Appendix 3.4**. The frequency distribution of autonomous bodies according to the delays in submission of accounts to Audit and placement of Separate Audit Reports in the legislature after the entrustment of Audit to CAG is summarised in **Table 3.3**.

Table 3.3: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (In Months)	Number of Autonomous Bodies	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies
0 - 1	4	0 - 1	1
1 - 6	7	1 - 2	4
6 - 12	4	2 - 3	-
12 - 18	2	3 - 4	-
18 - 24	-	4 - 5	1
24 & above	22	5 & above	1
Total	39		7

Source: Concerned Department

3.4 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare pro forma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of June 2009, there were 19 such undertakings out of which five had not prepared their accounts since inception and four had finalised their accounts up to 2007-08. Whereas the remaining 10 units were in arrears ranging from one to 23 years. The Comptroller and Auditor General had repeatedly commented in the Audit Reports of the State on the failure of the Heads of Departments and the management of undertakings in timely preparation of pro forma accounts. Principal Accountant General (Audit) had also been periodically reminding Principal Secretary (Finance) and the Secretaries of the concerned departments in this matter. During the period July 2008 to June 2009, nine undertakings finalised 31 pro forma accounts (for the years 2007-08 and earlier), as against 16 pro forma accounts finalised during July 2007 to June 2008. Consequently, there was hardly any accountability of the Management and Government in respect of public funds spent by these undertakings.

The department-wise position of arrears in preparation of pro forma accounts and investment made by the Government therein are given in **Appendix 3.5**. It appears that Fourteen undertakings were incurring losses continuously for more than five years. Accumulated loss as per latest accounts received up to June 2009 amounted to Rs 17990.07 crore.

3.5 Misappropriations, losses, defalcations, etc.

As per Rule 39 of the West Bengal financial rules, any loss of public money, departmental revenue or receipts, stores or other property, caused by defalcation or otherwise, should be immediately reported to the Accountant General. On the other hand, if the irregularity be detected by Audit in the first instance, the Accountant General will report it immediately to the administrative authority concerned.

No such intimation was, however, furnished by the State Government since 2001. As of March 2009, there were 1063 cases³ reported of misappropriation, defalcation, etc. involving Government money amounting to Rs 97.84 crore on which final action was pending. The department-wise break up of pending cases and age wise analysis is given in **Appendix 3.6** and nature of these cases is given in **Appendix 3.7**. The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged from these appendices are summarized in **Table 3.4**.

³ Excluding cases included in the Civil Audit Reports as separate audit paragraphs, progress of which are monitored separately

Table 3.4: Profile of Misappropriations, losses, defalcations, etc.

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in Years	Number of Cases	Amount Involved (Rs in lakhs)	Nature/ Characteristics of the Cases	Number of Cases	Amount Involved (Rs in lakhs)
0 - 5	148	6120.07	Theft	275	1145.31
5 - 10	167	2634.24			
10 - 15	160	703.08	Misappropriation/ Loss of material	789	8639.26
15 - 20	67	210.25			
20 - 25	55	50.76	Total	1064	9784.57
25 & above	463	65.85	Cases of Losses Written off during the Year	1	0.32
Total	1063	9784.25	Total Pending cases	1063	9784.25

Source: Detected by Audit and as reported by DDOs

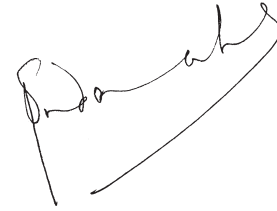
3.6 Conclusions

For ensuring proper utilisation of Government assistance received by autonomous bodies as well as for giving a true and fair picture of the activities/ performance of those bodies, timely submission of annual accounts assumes utmost importance. However, non receipt of 211 Annual Accounts of 45 autonomous bodies/authorities (audit of which are conducted by Examiner of Local Accounts) and delay/failure in submission of Separate Audit Reports on some of the bodies in the Legislative Assembly diluted the said control. This also indicated breach of legislative control over spending of public money. There were considerable delays in finalising pro forma accounts of departmentally managed commercial undertakings indicating laxity in the accountability mechanism of both the management and Government in respect of public funds invested in those undertakings. Thus, proper internal financial reporting, which is a tool for the Government for efficient and effective governance, was compromised.

3.7 Recommendations

- *Concerned Departments should take immediate steps for submission of outstanding accounts of autonomous bodies without further delay.*
- *Effective steps need to be taken to ensure timely placement of separate Audit Reports before the State Legislature.*

- *A suitable mechanism should be in place for consolidation of cases of misappropriation/ defalcation and regular intimation of the same to Accountant General in accordance with relevant provisions of West Bengal Financial Rules.*



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METHODOLOGY ADOPTED FOR THE ASSESSMENT OF FISCAL POSITION

1.1

(Refer Paragraph 1.1, Page 1)

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act. The Fiscal Responsibility and Budget Management Act has not been enacted by the Government of West Bengal. In absence of the Act, normative projections made by the TFC are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	190245	208145	240775(P)	274897(Q)	309261 (A)
Growth rate of GSDP	9.90	9.41	15.68	14.17	12.50

Source: Bureau of Applied Economics and Statistic, Development and Planning Department, Government of West Bengal

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

TIME SERIES DATA ON THE STATE GOVERNMENT FINANCES

APPENDIX 1.2

(Refer Paragraph 1.3, Page 8)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in Crore)				
Part A. Receipts					
1. Revenue Receipts	19918	23726	25828	30167	36904
(i) Tax Revenue	9924(50)	10388(44)	11695(45)	13126(44)	14419(39)
Taxes on Agricultural Income	2	2	1	(-) 3	4
Taxes on Sales, Trade, etc.	5716(58)	6109(59)	7079(61)	8060(61)	8955(62)
State Excise	672(7)	743(7)	817(7)	935(7)	1083(7)
Taxes on Vehicles	528(5)	538(5)	509(4)	532(4)	608(4)
Stamps and Registration fees	1007(10)	1178(11)	1259(11)	1417(11)	1509(11)
Land Revenue	1133(11)	917(9)	953(8)	1040(8)	984(7)
Other taxes	866(9)	901(9)	1077(9)	1145(9)	1276(9)
(ii) Non Tax Revenue	1346(7)	1019(4)	1249(5)	1473(5)	4966(13)
(iii) State's share of Union taxes and duties	6385(32)	6668(28)	8505(33)	10729(35)	11322(31)
(iv) Grants in aid from GOI	2263(11)	5650(24)	4379(17)	4839(16)	6197(17)
2. Misc. Capital Receipts	Nil	Nil	Nil	Nil	Nil
3. Total revenue and Non debt capital receipts (1+2)	19918	23726	25828	30167	36904
4. Recoveries of Loans and Advances	747	631	238	497	5616
5. Public Debt Receipts	16124	15506	11032	15333	15991
Internal Debt (excluding Ways and Means Advances and Overdrafts)	14485(90)	14922(96)	10411(94)	14639	15591
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India ¹	1639(10)	584(4)	621(6)	694	400
6. Total receipts in the Consolidated Fund (3+4+5)	36789	39863	37098	45997	58511
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account receipts	30460	32184	35408	50942	58144
9. Total receipts of the State (6+7+8)	67249	72047	72506	96939	116655
Part B. Expenditure /Disbursement					
10. Revenue Expenditure	28146 (90)	31117(92)	34161 (91)	38314 (91)	51613 (92)
Plan	2635(9)	4292(14)	4802(14)	6751(18)	8045(16)
Non Plan	25511(91)	26825(86)	29359(86)	31563(82)	43568(84)
General Services (including Interests Payments)	15710(56)	16348(53)	17901(53)	18867(49)	20775(40)
Social Services	8627(31)	9800(31)	11380(33)	13463(35)	16385(32)
Economic Services	3557(12)	4635(15)	4504(13)	5554(15)	14025(27)
Grants in aid and Contribution	252(1)	334(1)	376(1)	431(1)	428(1)
11. Capital Expenditure	1834(6)	1653(5)	2018 (5)	2688 (6)	3705 (7)
Plan	829(45)	1362(82)	2009(100)	2669(99)	3729(101)
Non Plan	1005(55)	291(18)	9	19(1)	(-)24(-1)
General Services	24(1)	28(2)	80(4)	67(2)	144(4)
Social Services	150(8)	316(19)	379(19)	766(29)	1194(32)
Economic Services	1660(91)	1309(79)	1559(77)	1855(69)	2368(64)
12. Disbursement of Loans and Advances	1337	1189	1317	1062	760
13. Total (10+11+12)	31317	33958*	37496	42064	56078

¹ Includes Ways and Means Advances from GOI

Note : Figures in brackets represent percentage (rounded)
(Details in Appendix 1.2). * Due to rounding

	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in Crore)				
14. Repayments of Public Debt	3006	6629	3706	4580	4855
Internal Debt (excluding Ways and Means Advances and Overdrafts)	953	1734	2428	3263	3870
Net transactions under Ways and Means Advances and Overdrafts	830	-	-	-	-
Loans and Advances from Government of India	1223	4895	1278	1317	985
15. Appropriation to Contingency Fund	Nil	4	2	7	6
16. Total disbursement out of Consolidated Fund (13+14+15)	34323	40592	41204	46651	60939
17. Contingency Fund disbursements	2	2	7	7	-
18. Public Account disbursements	32179	27866	33185	49077	54915
19. Total disbursement by the state (16+17+18)	66504	68460	74396	95735	115854
Part C Deficits					
20. Revenue Deficit (1 10)	- 8228	- 7391	- 8333	- 8147	-14709
21 Fiscal Deficit (3+4 13)	- 10653	- 9601	- 11430	-11400	-13558
22. Primary Deficit (21 23)/Surplus	- 886	+ 368	- 252	+194	-817
Part D Other data					
23. Interest Payments (included in revenue exp.)	9767	9969	11179	11594	12741
24. Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts)	1718(15)	1937 (17)	1588		
25. Financial Assistance to local bodies etc.	7013	9117	8715	12354	8708
26. Ways and Means Advances/Overdraft availed (days)	334	3**	7	65	166
27. Interest on WMA/Overdraft	42	0.09	-	33	13
28. Gross State Domestic Product (GSDP)	190245	208145	240775	274897	309261
29. Outstanding Debt (year end)	104334	113493	122398	134402	148110
30. Outstanding guarantees (year end)	14871	14085	13137	13684	11973
31. Maximum amount guaranteed(year end)	21488	22379	21826	23118	19974
32. Number of incomplete projects	25	25	25	25	20
33. Capital blocked in incomplete projects ²	1567	1606	1653	1814	1881
Part E Fiscal health Indicators					
I. Resource Mobilisation					
34. Own Tax Revenue/GSDP	0.052	0.052	0.049	0.048	0.468
35. Own Non Tax Revenue/GSDP	0.007	0.004	0.005	0.005	0.005
36. Central Transfers/GSDP	0.034	0.032	0.035	0.039	0.036
II. Expenditure Management					
37. Total Expenditure/GSDP	16.46	16.32	15.57	15.30	18.13
38. Total Revenue Expenditure/Receipts	63.60	69.86	68.88	71.72	65.81
39. Revenue expenditure/Total Expenditure	89.87	91.63	91.11	91.09	92.04
40. Expenditure on Social Service/Total Expenditure	27.58	28.86	30.35	32.00	29.22
41. Expenditure on Economic Services / Total Expenditure	11.36	13.65	12.01	13.20	25.00
42. Capital Expenditure/Total Expenditure	6.12	5.04	5.58	6.56	6.70
43. Capital Expenditure on Social and Economic Services/Total Expenditure	5.78	4.79	5.17	6.23	6.35
III Management of Fiscal Imbalances					
44. Revenue Deficit (Surplus)/GSDP	(-) 4.32	(-) 3.55	(-) 3.46	(-) 2.96	(-) 4.76
45. Fiscal Deficit/GSDP	(-) 5.60	(-) 4.61	(-) 4.75	(-) 4.15	(-) 4.38
46. Primary Deficit (Surplus)/GSDP	(-) 0.47	0.18	(-) 0.10	0.07	(-) 0.26
47. Revenue Deficit/Fiscal Deficit	77.24	76.98	72.90	71.46	108.49
48. Primary Revenue Balance/GSDP					

** Special Ways and Means Advances

² Represents progressive amount blocked in incomplete projects at the end of the year based on figures collected from departmental heads.

	2004-05	2005-06	2006-07	2007-08	2008-09
	(Rupees in Crore)				
IV Management of Fiscal Liabilities					
49. Fiscal Liabilities/GSDP	54.84	54.53	50.84	48.89	47.87
50. Fiscal Liabilities/RR	523.82	478.37	473.90	445.53	401.19
51. Primary Deficit vis-à-vis quantum spread	(-) 885	366	(-)251	194	(-) 817
52. Debt Redemption (Principal+interest)/Total Debt Receipts					
V Other Fiscal health Indicators					
53. Return on Investment	0.01	0.02	0.03	0.07	-
54. Balance from Current Revenue (Rupees in crore)	(-) 7245	(-) 5490	(-) 6118	(-) 5052	(-) 11846
55. Financial assets/Liabilities	0.35	0.34	0.32	0.33	0.28

Figures in brackets represent percentages (rounded) to total of each sub-heading @ GSDP figures communicated by the Government adopted.

PART A : Abstract of Receipts and Disbursements for the year 2008-2009.

(Refer Paragraph 1.1, Page 1)

2007-08	Receipt	2008-09	2007-08	Disbursements	2008-09			
(R u p e e s i n c r o r e)								
				Non-Plan	Plan	Total		
Section A : Revenue								
30167.38	I. Revenue Receipts	36904.40	38314.42	I. Revenue Expenditure	43568.03	8045.28	51613.31	51613.31
			18866.58	General Services	20700.51	74.93	20775.44	
13126.34	- Tax revenue	14419.15	13463.00	Social Services	10823.92	5560.90	16384.82	
			7055.55	- Education, Sports, Arts and Culture	6398.76	1549.50	7948.27	
1473.09	- Non-tax revenue	4966.39	1773.80	- Health and Family Welfare	1550.91	469.43	2020.34	
			2118.10	- Water Supply, Sanitation, Housing and Urban Development	1103.87	1675.91	2779.78	
10729.06	- State's share of Union taxes and duties	11321.78	53.74	- Information and Broadcasting	61.44	2.99	64.43	
971.90	- Non-Plan grants	1419.48	359.49	- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	158.83	344.00	502.83	
2420.90	- Grants for State Plan Scheme	3015.94	72.37	- Labour and Labour Welfare	64.76	27.27	92.03	
1446.09	- Grants for Central and Centrally sponsored Plan	1761.66	1929.14	- Social Welfare and Nutrition	1428.15	1431.32	2859.48	
			100.81	- Others	57.20	60.46	117.66	
			5553.81	Economic Services	11637.21	2388.20	14025.41	
			1143.38	-Agriculture and Allied Activities	834.52	457.99	1292.51	
			1766.79	-Rural Development	794.70	841.39	1636.09	
			489.36	-Special Areas Programmes	226.46	253.55	480.01	
			586.85	-Irrigation and Flood Control	612.61	24.81	637.42	
			57.90	-Energy	8339.98	97.56	8437.54	
			558.73	-Industry and Minerals	90.43	466.12	556.55	
			840.67	-Transport	655.17	178.56	833.73	
			19.84	-Science, Technology and Environment	0.32	37.66	37.98	
			90.29	-General Economic Services	83.02	30.54	113.56	
			431.03	-Grants-in-aid and Contributions	406.38	21.26	427.64	
8147.04	II-Revenue Deficit carried over to Section B	14708.92						
38314.42		51613.32	38314.42	Total	43568.02	8045.28	51613.31	51613.31

2007-08	Receipt		2008-09	2007-08	Disbursements			2008-09
(R u p e e s i n c r o r e)								
					Non-Plan	Plan	Total	
	Section B							
2877.03	III Opening Cash Balance including Permanent Advances and Cash Balance Investment		4094.78	-	III Opening Overdraft from RBI			-
Nil	IV Miscellaneous Capital receipts		NIL	2687.73	IV Capital Outlay	(-) 23.68	3728.98	3705.30
				67.14	General Services	6.23	137.45	143.68
				766.31	Social Services	(-) 20.22	1213.80	1193.58
				31.25	-Education Sports, Arts And Culture	-	58.82	58.82
				112.99	-Health and Family Welfare	-	153.61	153.61
				587.21	-Water Supply, Sanitation, Housing and Urban Development	(-) 20.25	896.13	875.88
				0.55	- Information and Broadcasting	-	0.64	0.64
				7.93	- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	30.28	30.28
				21.41	- Social Welfare and Nutrition	-	58.89	58.89
				4.97	- Other Social Services	0.03	15.43	15.46
				1854.28	Economic Services	(-) 9.68	2377.73	2368.05
				45.59	-Agriculture and Allied Activities	(-) 7.96	167.41	159.44
				0.05	-Rural Development	-	0.85	0.85
				111.60	-Special Areas Programmes	0.68	157.00	157.68
				312.12	-Irrigation and Flood Control	-	382.77	382.77
				985.82	-Energy	-	1090.37	1090.37
				54.18	-Industry and Minerals	-	100.89	100.89
				311.96	-Transport	(-)2.40	432.80	430.40
				32.96	-General Economic Services	0.01	45.64	45.65
496.64	V Recoveries of Loans and Advances		5615.83	1062.12	V Loans and Advances disbursed	64.40	695.25	759.65
				788.14	-For power projects	-	406.26	406.26
439.91	-From Power Projects	5575.38		1.81	-To Government servants	1.53	-	1.53
33.25	-From Government Servants	29.16		272.17	-To Others	62.87	288.98	351.85
23.48	-From others	11.29						
				8147.04	VI Revenue deficit brought down			14708.92
15332.62	VII Public debt receipts		15991.14	4579.80	VII Repayment of Public Debt			4854.85

2007-08	Receipt		2008-09	2007-08	Disbursements				2008-09
(R u p e e s i n c r o r e)									
						Non-Plan	Plan	Total	
14638.74	-Internal debt other than Ways and Means Advances and Overdraft	15591.49		3262.45	-Internal debt other than Ways and Means Advances and Overdraft	3869.89			
-	-Ways and Means Advances	-		-	-Ways and Means Advances				
693.88	-Loans and Advances from Central Government	399.65		1317.35	-Repayment of Loans and Advances to Central Government	984.97			
7.16	VII Amount transferred to Contingency Fund		6.34	7.28	VIII Expenditure from Contingency Fund				0.47
50942.07	IX Public Account receipts		58144.00	49076.77	IX Public Account disbursements				54915.45
1258.07	-Small Savings and Provident Funds	1430.37		939.12	-Small Savings and Provident Funds	1075.04			
1001.60	-Reserve Funds	1715.43		858.29	-Reserve Funds	730.38			
23697.35	-Suspense and Miscellaneous	26942.07		23217.01	-Suspense and Miscellaneous	26558.57			
3652.43	-Remittances	5321.68		3519.16	-Remittances	5047.91			
21332.62	-Deposits and Advances	22734.45		20543.19	-Deposits and Advances	21503.55			
				Nil	-Miscellaneous Government Account	Nil			
Nil	X Closing Overdraft from Reserve Bank of India		Nil	4094.78	X Cash Balance at end				4907.45
				0.36	-Cash in Treasuries and Local Remittances	0.34			
				(-) 257.39	-Deposit with Reserve Bank	(-) 222.20			
				40.98	Departmental Cash Balance including Permanent Advances	118.09			
				1928.59	-Investment in earmarked funds	3034.41			
				2382.24	-Cash balance Investment	1976.81			
69655.52	Total		83852.09	69655.52	Total				83852.09

* Minus balance under reconciliation with RBI

**PART B : SUMMARISED FINANCIAL POSITION
OF THE GOVERNMENT OF WEST BENGAL
AS ON 31 MARCH 2009**

APPENDIX

1.3
(CONTINUED)

(Refer Paragraph 1.7.1, Page 26)

As on 31.03.2008	Liabilities	As on 31.03.2009
103355.35	Internal Debt	115076.96
31579.05	Market Loans bearing interest	43976.50
3.68	Market Loans not bearing interest	(-) 851.11
24.67	Loans from Life Insurance Corporation of India	20.51
10033.30	Loans from other Institutions	9696.54
-	Ways and means Advances	-
	Overdrafts from Reserve Bank of India	
61714.65	Special securities issued to NSS fund of GOI	62234.52
14160.64	Loans and Advances from Central Government	13575.31
82.28	Pre 1984-85 Loans	34.62
2354.43	Non Plan Loans	2029.68
11658.04	Loans for State Plan Schemes	11450.34
4.16	Loans for Central Plan Schemes	3.82
61.73	Loans for Centrally Sponsored Plan Schemes	56.85
12.69	Contingency Fund	18.57
5701.75	Small Savings, Provident Funds, Etc.	6057.08
8582.67	Deposits	9813.65
2601.52	Reserve Funds	3586.57
(-) 80.58	Remittance Balances	(-) 354.35
	Assets	
22234.29	Gross Capital Outlay on Fixed Assets	25939.59
8847.89	Investments in shares of Companies, Corporations, etc.	10163.21
13386.40	Other Capital Outlay	15776.38
18437.67	Loans and Advances	13581.49
13784.84	Loans for Power Projects	8615.72
4527.23	Other Development Loans	4867.80
125.60	Loans to Government servants and Miscellaneous loans	97.97
1928.59	Reserve Fund Investments	3034.41
29.53	Advances	29.61
(-) 2086.47	Suspense and Miscellaneous Balances	(-) 2469.97
2166.19	Cash	1873.04
0.36	Cash in Treasuries and Loan Remittances	0.34
(-) 257.39	Deposits with Reserve Bank	(-) 222.20
	Departmental Cash Balance including	
40.98	Permanent Advances	118.09
2382.24	Cash Balance Investments	1976.81
91785.40	Deficit on Government Account	106494.32
8147.04	(i) add Revenue Deficit of the current year	14708.92
	(ii) Miscellaneous Deficit	-
83638.36	Accumulated deficit at the beginning of the year	91785.40

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc.

A EXPENDITURE INCURRED BY THE STATE ON NRHM ACTIVITIES

(Refer Paragraph 1.5.4, Page 20)

(Rupees in crore)

Year	Approved PIP	Opening balance	Amount released by Gol	State share	Total amount available for the year	Expenditure incurred during the year	Balance amount	Percentage of balance amount to total amount available
2005-06	NIL*	13.13	119.41	0.28	132.82	85.65	47.17	35.51
2006-07	208.93	47.17	241.39	0	288.56	152.98	135.58	46.99
2007-08	594.41	135.58	391.40	0	526.98	301.60	225.38	42.77
2008-09#	685.78	225.38	443.55	0	668.93	244.27	424.66	63.48
Total	1489.12	13.13	1195.75	0.28	1209.16	784.50	424.66	35.12

Source: Annual accounts of State Health Society

*Figures for the year 2008-09 are provisional as the Accounts have not been finalised.

B CRUCIAL OBSERVATIONS ARISING OUT OF PERFORMANCE APPRAISAL OF NATIONAL RURAL HEALTH MISSION

- The required household and facilities surveys for identifying unserved and underserved areas in the State were not conducted, resulting in the absence of baseline data. State and district perspective plans for the Mission period (2005-12) have also not been prepared, which can adversely affect long term planning
- The population-health centre ratio was much higher than that prescribed under NRHM and no action was taken by State Health Society for setting up new health centres during 2005-09.
- The health centres often lacked basic infrastructure (good quality building, electricity and water supply, etc.) as well as guaranteed services (inpatient services, operation theatre, labour room, pathological tests, X-ray, emergency care, etc.).
- There was a considerable shortage of medical service providers at all levels in the health centres in five audited districts.

C STATEMENT SHOWING PHYSICAL PROGRESS / ACHIEVEMENT UNDER NRHM UP TO MARCH 2009 IN TERMS OF VARIOUS PERFORMANCE INDICATORS / COMPONENTS OF THE SCHEME:

	Components/ Performance indicators of NRHM	Target	Achievement
1	Formation of Village Health and Sanitation Committees (VHSC)	VHSCs were to be formed in each village for various activities like conducting a village level household survey, maintaining the village health Register, preparing village health action plans, generating public awareness and motivating villagers to avail of the medical facilities available at village level, etc.	Not at all formed in five test-checked districts, thereby adversely impacting the community participation
2	Creation of Revolving Fund	Revolving fund was to be created at the village level by each VHSC for providing referral and transport facilities for emergency deliveries, as well as immediate financial needs for hospitalisation	The revolving fund was not set up in any of the 323 test-checked villages in the 12 audited Blocks
3	Formation of Rogi Kalyan Samiti (RKS)	RKSs were to be constituted for health care centres up to PHC level. The RKSs were designed as the most important and pro-active intervention to ensure delivery of reliable and accountable health services through community ownership of the health centres	Though RKSs were formed in all test-checked hospitals/ health centres, various deviations were noticed in their formation/functioning from the scheme guidelines: <ul style="list-style-type: none"> • During each of the years 2006-09, 28 to 72 per cent of available funds could not be utilised by RKSs; • Monitoring committees were also not formed • There were substantial shortfall in holding monthly meetings • Grievance redressal mechanism was not institutionalised; • citizen charters were not displayed at the health centres
4	Organising Health Camps	The Department decided to arrange weekly health camps at each Gram Panchayat (GP) Headquarter Sub-Centre, except those which were operating from PHC or any other health facility where regular out patient services were provided	against the target of conducting 65191 health camps at 469 SCs in the five test-checked districts during August 2006 to March 2009 only 32227 health camps were organised
5	Setting up of Health Centres	According to the normative targets of NRHM, for the 577.49 lakh rural population in West Bengal, there were additional requirement of 3388 Sub Centres, 1277 PHCs and 273 CHCs during the Mission period (2005-12) over and above those existed before the commencement of the Mission.	No action was taken by the Department for setting up of new CHCs, PHCs, and SCs in tandem with the normative requirements.
6	Construction of Sub Centres	The State Health Society released Rs 223.67 crore to 18 DHSs for construction of buildings and ANMs' quarters for 3095 SCs during 2005-09.	Test check showed that in five districts against the target of construction of 676 SC buildings with ANM's quarters, <ul style="list-style-type: none"> • construction of only 378 SC buildings and 113 ANM's quarters was completed; • construction of 133 SC buildings and 284 ANM's quarters had not started as of March 2009. • Unutilised funds of Rs 14.08 crore remained parked with three DHSs.

	Components/ Performance indicators of NRHM	Target	Achievement
7	Engagement of ASHA (Accredited Social Health Activist)	A trained female community health worker, called ASHA, was to be engaged in each village as an interface between the community and the public health system. For a rural population of 5.77 crore, 0.58 lakh ASHAs were required in the State. During 2006-09, there was a target of selection and training of 25034 ASHAs	As of March 2009, only 14310 were selected, of which only 5409 were imparted induction training.
8	Reproductive and Child Health (RCH)	One of the objectives of the safe motherhood programme is to register all pregnant women before they attain 12 weeks of pregnancy and provide them with services, such as a minimum of three antenatal check-ups, 100 Iron Folic Acid (IFA) tablets, two doses of tetanus toxoid (TT) and advice on the correct diet and vitamin supplements.	Out of 6851528 pregnant women registered during 2005-09, 63 per cent received three antenatal checkups, 75 per cent were provided with 100 days of IFA tablets and 90 per cent were fully immunised from TT.
		Postnatal services include immunisation, monitoring weight of the child, physical examination of the mother, advice on breast feeding and family planning, etc.	In five audited districts only 53 to 65 per cent of women were covered under the postpartum care during 2005 09, which may be attributable to the lack of motivation amongst women owing to non-deployment of ASHAs in villages.
		RCH II aims to reduce maternal and infant mortality rates to 100 per one lakh and 30 per thousand respectively by 2010	The maternal and neonatal deaths reported in the State were on an average 274 per lakh and 38 per thousand respectively during 2005 09
9	Family Planning	Terminal method The terminal method of family planning includes vasectomy for males and tubectomy for females.	Shortfall in sterilisation during each of the years 2005-09 varied from 15 to 59 per cent.
		Spacing methods The oral pills, condoms and inter uterine device (IUD) insertion are three prevailing spacing methods of family planning.	Although 87 per cent of target was achieved, condom users accounted for around 50 per cent, while 44 and six per cent used oral pills and IUDs respectively. The shortfall in IUD insertions was due to lack of trained doctors and nurses.
10	Immunisation and child health	Routine Immunisation The immunisation of children against six preventable diseases viz. tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the cornerstone of routine immunisation under the Universal Immunisation Programme	<ul style="list-style-type: none"> The overall shortfall in achievements of full immunisation of children, belonging to zero to one year age group, covering BCG, Measles, DPT and OPV ranged from 17 to 29 per cent during 2005-09. The shortfall in secondary immunisation ranged from 21 to 57 per cent for DT, 30 to 45 per cent for TT (10).
		RCH II programme emphasised administering Vitamin A solution to all children between nine months and five years of age for prevention of blindness due to Vitamin A deficiency. During 2005-09, 1.42 crore children were to be covered.	There was 22 per cent shortfall in achievement, which was attributable to short supply of Vitamin A solution to the sub-centres.

SUMMARISED FINANCIAL STATEMENT OF
DEPARTMENTALLY MANAGED COMMERCIAL /
QUASI-COMMERCIAL UNDERTAKINGS

APPENDIX

1.5

(Refer Paragraph 1.6.4, Page 23)

(Rupees in lakh)

	Name of the undertaking	Period of Accounts	Mean Government capital	Block asset at depreciated cost	Depreciation provided during the year	Turnover	Net profit / loss	Interest on capital	Total return (8+9)	Percentage return on Capital
1	Greater Calcutta Milk Supply Scheme	2007-08	58773.57	555.55	62.75	3012.83	(-) 5898.07	568.09	(-) 5329.98	-
2	Burdwan Milk Supply Scheme	2007-08	1990.60	48.26	3.03	0.19	(-) 163.93	8.26	(-) 155.67	-
3	Durgapur Milk Supply Scheme	2007-08	2627.85	27.23	3.21	140.49	(-) 801.48	330.93	(-) 470.55	-
4	Krishnanagar Milk Supply Scheme	2007-08	2175.42	48.74	2.98	-	(-) 153.14	-	(-) 153.14	-
5	Directorate of Brick Production (Mechanised)	2002-03	3284.14	80.51	10.74	107.89	(-) 826.04	403.14	(-) 422.90	-
6	Directorate of Brick Production (Manual)	1995-96	802.25	27.95	1.67	455.05	(-) 116.77	95.08	(-) 21.69	-
7	Directorate of Cinchona and Other Medicinal Plants	2006-07	21645.95	1257.93	129.95	6.19	(-) 3194.56	364.00	(-) 2830.56	-
8	Public Distribution System of Foodgrains	2004-05	14542.25	1003.52	52.73	138656.59	(+) 108.67	6160.85	(+) 6269.52	43.11
9	Central Engineering Organisation Dasnagar, Howrah	2000-01	323.70	1.23	0.11	51.78	(-) 68.96	73.78	(-) 4.82	-
10	Oriental Gas Company's Undertaking	1989-90	1540.12	159.86	0.70	32.08	(-) 339.03	31.09	(-) 307.94	-
11	Training-cum-production centre for Wood Industries, Siliguri									Non-working since November 2006
12	Integrated Wood Industries Scheme, Durgapur.									Non-working since November 2006
13	Integrated Wood Industries Scheme, Kalyani									Non-working since November 2006
14	Undertaking of Darjeeling Ropeway Company Limited									Non-working since April 2006
15	Scheme for production of shark liver oil, fish meal, etc.									Non-working since 1992-93

APPENDIX 2.1

STATEMENT OF VARIOUS GRANTS/APPROPRIATIONS WHERE
SAVING WAS MORE THAN RS 10 CRORE EACH OR MORE
THAN 20 PER CENT OF THE TOTAL PROVISION

(Reference: Paragraph 2.3.1; Page 36)

(Rupees in Crore)

Sr. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Revenue (Voted)			
1	5	Agriculture	515.29	68.19	13
2	6	Animal Resources Development	367.56	52.27	14
3	7	Backward Classes Welfare	543.52	37.88	7
4	8	Co-operation	141.52	12.72	9
5	11	Micro and Small Scale Enterprises and Textiles	180.92	16.45	9
6	12	Development and Planning	247.49	91.71	37
7	13	Education (Higher)	1030.61	77.04	7
8	14	Education (Mass)	130.21	19.64	15
9	15	Education (School)	6977.08	412.39	6
10	16	Environment	17.45	4.58	26
11	22	Food Processing Industries and Horticulture	58.83	19.01	32
12	24	Health and Family Welfare	2006.06	88.61	4
13	26	Hill Affairs	225.42	19.62	9
14	29	Industrial Reconstruction	1.50	0.53	35
15	31	Information Technology	46.03	13.96	30
16	34	Judicial	204.69	34.10	17
17	35	Labour	261.22	50.29	19
18	36	Land and Land Reforms	503.82	28.09	6
19	38	Minority Affairs and Madrasah Education	411.31	154.79	38
20	39	Municipal Affairs	1817.18	69.75	4
21	40	Panchayat and Rural Development	2375.23	256.58	11
22	41	Parliamentary Affairs	4.52	1.74	38
23	42	Personnel and Administrative Reforms	20.41	4.55	22
24	44	Public Enterprises	99.86	43.06	43
25	45	Public Health Engineering	317.71	63.17	20
26	47	Disaster management	792.17	139.27	18
27	53	Transport	482.88	97.50	20
28	54	Urban Development	1294.76	140.14	11
29	55	Water Resources Investigation and Development	329.33	42.41	13
30	56	Women and Child Development and Social Welfare	1047.15	61.89	6
31	60	Civil Defence	167.84	13.58	8
		Capital (Voted)			
1	5	Agriculture	8.50	4.93	58
2	6	Animal Resources Development	11.92	9.60	81
3	8	Co-operation	22.64	6.90	30
4	9	Commerce and Industries	285.35	237.72	83
5	11	Micro and Small Scale Enterprises and Textiles	58.49	11.56	20
6	12	Development and Planning	10.00	8.39	84
7	14	Education (Mass)	4.47	1.37	31
8	15	Education (School)	13.60	7.68	56
9	20	Fisheries	31.65	6.76	21
10	21	Food and Supplies	14.90	11.39	76
11	22	Food Processing Industries and Horticulture	8.25	3.38	41

Sr. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
12	24	Health and Family Welfare	197.41	59.54	30
13	25	Public Works	670.85	53.84	8
14	27	Home	106.21	18.23	17
15	28	Housing	22.95	12.48	54
16	29	Industrial Reconstruction	11.61	3.38	29
17	30	Information and Cultural Affairs	6.31	2.14	34
18	31	Information Technology	0.26	0.10	38
19	32	Irrigation and Waterways	430.87	186.50	43
20	33	Jails	15.35	4.59	30
21	34	Judicial	27.25	12.43	46
22	36	Land and Land Reforms	32.30	13.90	43
23	39	Municipal Affairs	189.68	41.66	22
24	41	Parliamentary Affairs	4.50	3.74	83
25	43	Power and Non-Conventional Energy Sources	1565.20	68.06	4
26	44	Public Enterprises	41.69	9.85	24
27	45	Public Health Engineering	959.93	134.27	14
28	47	Disaster Management	1.45	0.66	45
29	52	Tourism	9.11	5.61	62
30	55	Water Resources Investigation and Development	154.52	17.60	11
31	58	Paschimanchal Unnayan Affairs	5.00	4.47	89
		Revenue (Charged)			
1	8	Co-operation	5.11	1.69	33
2	11	Micro and Small Scale Enterprises and Textiles	0.84	0.52	62
3	18	Finance	12945.38	289.14	2
4	19	Fire and Emergency Services	0.73	0.53	73
5	20	Fisheries	10.00	4.13	41
6	22	Food Processing Industries and Horticulture	0.20	0.20	100
7	25	Public Works	5.93	3.88	65
8	34	Judicial	56.66	14.02	25
9	40	Panchayat and Rural Development	3.40	2.17	64
10	43	Power and Non-Conventional Energy Sources	20.91	6.24	30
11	45	Public Health Engineering	0.74	0.29	39
12	46	Refugee Relief and Rehabilitation	11.51	4.81	42
		Capital (Charged)			
1	11	Micro and Small Scale Enterprises and Textiles	2.60	0.87	33
2	20	Fisheries	20.50	11.13	54
3	22	Food Processing Industries and Horticulture	0.40	0.40	100
4	29	Industrial Reconstruction	0.60	0.60	100
5	45	Public Health Engineering	1.58	0.59	37

STATEMENT OF VARIOUS GRANTS/APPROPRIATIONS WHERE EXPENDITURE WAS MORE THAN RS 10 CRORE EACH AND EXCEEDED BUDGET PROVISION EITHER BY MORE THAN RS 10 CRORE OR BY MORE THAN 20 PER CENT OF TOTAL PROVISION

(Ref. : Para 2.3.3; Page 39)

(Rupees in Crore)

Sl. No.	Grant No	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Amount of excess	Percentage of excess expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Revenue (Voted)				
1	9	Commerce and Industries	315.87	352.85	36.98	12
2	18	Finance	4716.22	4819.03	102.81	2
3	20	Fisheries	86.47	93.40	6.93	8
4	21	Food and Supplies	865.10	932.43	67.33	8
5	25	Public Works	1167.77	1303.91	136.14	12
6	27	Home	1734.71	1768.35	33.64	2
		Capital (Voted)				
1	4	Agricultural Marketing	4.85	13.35	8.50	175
2	53	Transport	206.28	242.31	36.03	17
3	59	Self-Help Group & Self Employment	2.09	102.09	100.00	4785
		Capital (Charged)				
1	18	Finance	13841.34	14003.93	162.59	1
	Total	Nine grants/ One appropriation	22940.70	23631.65	690.95	

APPENDIX 2.3

EXCESS OVER PROVISION OF PREVIOUS YEARS REQUIRING REGULARIZATION

(Reference: Paragraph 2.3.6; Page 42)

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2003-04	18	5, 7, 9, 16, 18, 27, 28, 29, 31, 36, 37,43,45,47,51,54,55,56	10734.02	Pending to be discussed by the PAC due to non-receipt of departmental replies.
2004-05	13	1,6,8,18,20,21,24,25,29,36, 48,53,56	4767.14	
2005-06	16	6, 7, 9, 11, 12, 18, 20, 30, 38, 43, 44,45,50,52,53,54	260.64	
2006-07	19	5,6,8,9,11,13,20,23,26,27,28, 30,31,42,43, 45,47,53,54	293.31	
2007-08	20	3,4,5,6,9,18,20,21,23,26,32,34,42,43,44, 46,50,53,55,56	12145.54	
		Total upto 2007-08	28200.65	
2008-09	16	4, 9, 12,18, 20, 21, 23 ¹ , 25, 27, 35, 39, 50, 52, 53, 54, 59	705.89	-
		Total including 2008-09	28906.54	

¹ Excess Expenditure was only to the tune of Rs 176; not considered in table 2.7.

CASES WHERE SUPPLEMENTARY PROVISION (RS 10 LAKH OR MORE IN EACH CASE) PROVED UNNECESSARY

(Reference: Paragraph 2.3.8; Page 43)

(In thousands of Rupees)

	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
	A Revenue (Charged)				
2-	Governor	39154	38356	798	1601
	Total for Charged	39154	38356	798	1601
	A- Revenue (Voted)				
1-	State Legislature	288485	226763	61722	12387
3-	Council of Ministers	51502	43167	8335	1000
8-	Co-operation	1401966	1288032	113934	13277
12-	Development and Planning	2339620	1557795	781825	135259
13-	Education (Higher)	9769060	9535646	233414	537035
15-	Education (School)	65657360	65646899	10461	4113414
16-	Environment	172517	128624	43893	1934
34-	Judicial	1848095	1705838	142257	198767
36-	Land and Land Reforms	502323256	4757321	497565935	14995
38-	Minority Affairs and Madrasah Education	3264254	2565154	699100	848806
39-	Municipal Affairs	17999095	17474338	524757	172701
40-	Panchayat and Rural Development	23371185	21186536	2184649	381127
42-	Personnel and Administrative Reforms	164584	158546	6038	39487
50-	Sunderban Affairs	421382	364619	56763	20752
51-	Technical Education and Training	1817863	1772417	45446	24724
	Total for Voted	630890224	128411695	502478529	6515665
	Total for Revenue	630929378	128450051	502479327	6517266
	B Capital (Voted)				
5-	Agriculture	75000	35658	39342	10000
6-	Animal Resources Development	89800	23268	66532	29431
9-	Commerce and Industries	991664	476228	515436	1861800
22-	Food Processing Industries and Horticulture	62500	48701	13799	20000
30-	Information and Cultural Affairs	61090	41702	19388	2016
33-	Jails	143478	107572	35906	10000
47-	Disaster Management	9900	7909	1991	4600
52-	Tourism	77584	35000	42584	13474
	Total-Capital	1511016	776038	734978	1951321
	Grand Total	632440394	129226089	503214305	8468587

APPENDIX 2.5

STATEMENT OF VARIOUS GRANTS/APPROPRIATION WHERE SUPPLEMENTARY PROVISION PROVED INSUFFICIENT BY MORE THAN Rs 1 CRORE EACH

(Reference: Paragraph 2.3.8; Page 43)

(Rupees in crore)

Sr. No.	Grant Number	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
1	9	Commerce and Industries-Revenue (Voted)	295.49	20.38	315.87	352.85	36.98
2	18	Finance-Revenue (Voted) Capital (Charged)	4708.08 5805.95	8.14 8035.39	4716.22 13841.34	4819.03 14003.93	102.81 162.59
3	21	Food and Supplies-Revenue (Voted)	367.57	497.53	865.10	932.42	67.32
4	25	Public Works-Revenue (Voted)	1165.57	2.20	1167.77	1303.91	136.14
5	27	Home-Revenue (Voted)	1712.03	22.68	1734.71	1768.35	33.64
6	50	Sunderban Affairs-Capital (Voted)	72.00	3.00	75.00	84.41	9.41
7	53	Transport-Capital (Voted)	135.30	70.98	206.28	242.31	36.03
8	54	Urban Development-Capital (Voted)	20.72	27.52	48.24	52.38	4.14
9	59	Self-Help Group and Self Employment-Capital (Voted)	-	2.09	2.09	102.09	100.00
				8689.91			689.06

EXCESS/UNNECESSARY/INSUFFICIENT RE-APPROPRIATION
OF FUNDS

(Reference: Paragraph 2.3.9; Page 44)

(Rupees in lakh)

Sl. No	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1	1	State Legislature	2011-Parliament/State/Union Territory Legislatures -02-State/ Union Territory Legislatures -101-Legislative Assembly-Non-Plan-Establishment of the Members of Legislative Assembly	(-) 690.00	(-) 141.00
2	9	Commerce and Industries	4860-Capital Outlay on Consumer Industries-03-Leather-800-Other Expenditure-SP 001-Setting up of Leather Complex	(-) 12.00	(-) 26.00
3	12	Development and Planning	2505-Rural Employment-60-Other Programmes		
			789-Special Component Plan for SC-SP 001-District Plan Scheme	(-) 1073.00	(-) 172.00
			800-Other Expenditure-Non-Plan-001-District Plan Scheme	(-) 28.00	(-) 118.00
			796-Tribal Areas Sub-Plan-SP 001-District Plan Scheme (DP)	(-) 342.00	(-) 52.00
			2575-Other Special Areas Programmes-00-Others-789-Special Component Plan for SC-SP 002-Bidhayak Elaka Unnayan Prakalpa	(-) 1170.00	(-) 75.00
4	17	Excise	2039-State Excise-00-001-Direction and Administration-Non-Plan-002-District Charges	(+) 478.00	(-) 892.00
5	24	Health and Family Welfare	2210-Medical and Public Health-		
			01-Urban Health Services-Allopathy- 110-Hospital and Dispensaries-Non-Plan-011-Other General Hospitals (HF)	(-) 16.00	(-) 728.24
			05-Medical Education, Training and Research-105-Allopathy-Non-Plan-020-Training of Medical Auxiliary and Para-Medical Personnel	(+) 16.00	(-) 117.48
6	28	Housing	2216-Housing-80-General-001-Direction and Administration-Non-Plan-Housing Directorate	(-) 138.25	(-) 30.34
			2852-Industries-08-Consumer Industries-600-Others-Non-Plan-Other Brick Factory Manual Process Operations and Maintenance	(+) 168.14	(-) 29.51
			4216-Capital Outlay on Housing-02-Urban Housing-105-Rental Housing Scheme-SP 002-Rental Housing Schemes for Working Women-one room Apartment	(-) 73.96	(-) 25.40
7	29	Industrial Reconstruction	6860-Loans for Consumer Industries-60-Others-190-Loans to Public Sector and Other Undertakings-Non-Plan-006-Loans to Closed and Sick Industrial Units for Payment of Arrear Sales Tax Dues (IR)	(-) 322.97	(-) 27.03
8	30	Information and Cultural Affairs	6875-Loans for Other Industries-60-Other Industries-800-Other Loans- Non-Plan-001-Loans to Basumati Corporation	(-) 45.00	(-) 55.61
9	34	Judicial	2014-Administration of Justice-		
			CN 001-Establishment of Fast Track Court	(-) 467.94	(-) 633.72
			Non-Plan-004-City Civil and Session Courts	(+) 27.13	(-) 111.11
			Non-Plan-001-City Civil and Session Courts	(-) 530.61	(-)306.60
			005-Judicial Magistrates' Courts	(-) 38.40	(-) 297.37
			010-Family Courts-Calcutta	(-) 25.86	(-) 75.11
			4059-Capital Outlay on Public Works-051-Construction-General Pool Accommodation-CS 001-Administration of Justice-Construction of Court Buildings at Different Places in West Bengal	(+) 30.79	(-) 599.67

Sl. No	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
10	40	Panchayat and Rural Development	2505-Rural Employment-01-National Programmes-SP 001-State Share of Indira Awas Yojana	(-) 1376.54	(-) 1542.20
			2501-Special Programmes for Rural Development-01-Integrated Rural Development Programme		
			SP 004-Backward Region Grant Fund (PN)	(-) 3680.00	(-) 375.00
			SP 003- Backward Region Grant Fund (PN)	(-) 1472.00	(-) 150.00
			SP 007- Backward Region Grant Fund	(-) 2208.00	(-) 225.00
			2515-Other Rural Development Programme		
			102-Community Development-Non-Plan-001-Block Headquarters	(-) 14.54	(-) 573.35
			789-Special Component Plan for SC-SP 002-Grants for Panchayat Bodies as per Recommendation of Second State Finance Commission (GLB)(PN)	(-) 105.10	(-) 6360.57
			2235-Social Security and Welfare-789-Special Component Plan for SC-SP 004-National Old Age Pension Scheme (State Share)(NSAP)(PN)	(+) 297.28	(-) 551.72
			796-Tribal Area Sub-Plan-SP 003-National Old Age Pension Scheme (State Share)(NOAPS)(NSAP)(PN)	(+) 118.91	(-) 676.85
			102-Pension under Social Security and Welfare-SP 001-National Old Age Pension Scheme (State Share)	(+) 1070.19	(-) 758.66
			2505-Rural Employment-702-Jawahar Gram Sammridhi Yojana-SP 001-State Share of Indira Awas Yojana	(+) 2676.54	(-) 266.45
11	43	Power and Non-Conventional Energy Sources	6801-Loans for Power Projects-202-Thermal Power Generation-SP 050-Loans to WBSEDCL on account of OECF Purulia Plant (EAP)	(-) 9788.59	(-) 291.75
12	53	Transport	3075-Other Transport Services-800-Other Expenditure-SP 001-Study on Metro Alignment and Feasibility Studies/Reports for East-West Metro Corridor	(-) 907.52	(-) 249.72
13	54	Urban Development	2216-Housing-111-Salt Lake Scheme-Non-Plan-001-Salt Lake Reclamation Scheme	(-) 11.75	(-) 85.94
					16620.40
1	1	State Legislature	2011-Parliament/State/Union Territory Legislatures-02-State/Union Territory Legislatures-103-Legislative Secretariat-Non-Plan-001-Assembly Secretariat	(-) 0.13	(+) 106.00
2	9	Commerce and Industries	5054-Capital Outlay on Roads and Bridges-03-State Highways-800-Other Expenditure-SP 002-Roads Scheme outside the Falta Export Processing Zone area (C&I Deptt)	(-) 12.00	(+) 38.00
3	12	Development and Planning	2575-Other Special Areas Programmes-00-Others-800-Other Expenditure-SP 017-Bidhayak Elaka Unnayan Prakalpa	(-) 5207.00	(+) 25.00
4	17	Excise	2039-State Excise-00-001-Direction and Administration-Non-Plan-001-Superintendences	(-) 478.00	(+) 196.00
5	18	Finance	2051-Public Service Commission-00-102-State Public Service Commission-Non-Plan-001-Establishment of State Public Service Commission	(-) 4.00	(+) 396.00
6	20	Fisheries	2515-Other Rural Development Programmes-00-800-Other Expenditure-Non-Plan-012-Development of Tank Fisheries in the Selected CD Blocks in State (FI)	(+) 5.34	(+) 142.00
7	23	Forest	2406-Forestry and Wild Life-01-Forestry-102-Social and Farm Forestry-Non-Plan-007-Social Forestry Project	(+) 15.99	(+) 82.39
			02-Environmental Forestry and Wild Life-800-Other Expenditure-Non-Plan-002-Rewards for control of Wild Animals	(+) 74.93	(+) 38.83
8	28	Housing	2216 Housing-Non-Plan-002-Government Housing Scheme (HO)	(-) 124.73	(+) 16.53

Sl. No	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
9	34	Judicial	2014-Administration of Justice		
			102-High Court-Non-Plan		
			002-Original Side	(-) 526.53	(+) 284.40
			003-Appellate Side	(-) 1465.93	(+) 455.94
			4059-Capital Outlay on Public Works-01-Office Buildings-SP 001-Administration of Justice-High Court	(-) 200.00	(+) 83.31
			SP 035-Construction of Court Buildings in Different Places in West Bengal	(+) 95.62	(+) 472.87
10	40	Panchayat and Rural Development	2515-Other Rural Development Programme		
			789-Special Component Plan for SC-SP 001-Schemes under RIDF in SC Areas (PN)	(-) 385.14	(+) 106.83
			796-Tribal Areas Sub-Plan-SP 002-Grants to Panchayat Bodies as per Recommendation of Second State Finance Commission (GLB)(PN)	(-) 959.74	(+) 320.47
			2235-Social Security and Welfare-102-Pensions under Social Security Schemes		
			SP 002-Provision against ACA for national Old Age Pension Scheme (Central Share)	(+) 1070.19	(+) 655.61
11	44	Public Enterprises	6858-Loans for Engineering Industries-190-Loans to Public Sector and Other Undertakings-Non-Plan-004-Loans to Westinghouse Saxby Farmer Ltd (PU)	(+) 85.00	(+) 39.51
12	60	Civil Defence	2070-Other Administrative Services-800-Other Expenditure-Non-Plan-036-National Cadet Corps (NCC)(CV)	(-) 352.20	(+) 119.40
					3579.09

STATEMENT OF VARIOUS GRANTS/APPROPRIATIONS IN WHICH SAVINGS OCCURRED BUT NO PART OF WHICH HAD BEEN SURRENDERED

(Reference: Paragraph 2.3.12; Page 44)

(Rupees in crore)

Sr. No.	Grant No.	Number and Name of grant/appropriation		Saving
I - Grant				
1	4	Agricultural Marketing	(Revenue-Voted)	1.17
2	5	Agriculture	(Revenue-Voted)	68.19
3	6	Animal Resources Development	(Revenue-Voted)	52.27
			(Capital-Voted)	9.60
4	7	Backward Classes Welfare	(Revenue-Voted)	37.88
			(Capital-Voted)	5.14
5	8	Co-operation	(Capital-Voted)	6.90
6	9	Commerce and Industries	(Capital-Voted)	237.72
7	10	Consumer Affairs	(Revenue-Voted)	5.26
8	11	Micro and Small Scale Enterprises and Textiles	(Revenue-Voted)	16.45
			(Capital-Voted)	11.56
9	13	Education (Higher)	(Capital-Voted)	1.59
10	14	Education (Mass)	(Revenue-Voted)	19.64
			(Capital-Voted)	1.37
11	15	Education (School)	(Revenue-Voted)	412.39
			(Capital-Voted)	7.68
12	16	Environment	(Revenue-Voted)	4.58
13	17	Excise	(Revenue-Voted)	8.53
			(Capital-Voted)	1.69
14	18	Finance	(Capital-Voted)	1.77
15	19	Fire and Emergency Services	(Revenue-Voted)	1.99
			(Capital-Voted)	6.44
16	20	Fisheries	(Capital-Voted)	6.76
17	21	Food and Supplies	(Capital-Voted)	11.39
18	22	Food Processing Industries and Horticulture	(Revenue-Voted)	19.00
			(Capital-Voted)	3.38
19	23	Forest	(Revenue-Voted)	9.50
			(Capital-Voted)	1.20
20	24	Health and Family Welfare	(Revenue-Voted)	88.61
			(Capital-Voted)	59.54
21	25	Public Works	(Capital-Voted)	53.84
22	26	Hill Affairs	(Revenue-Voted)	19.62
23	27	Home	(Capital-Voted)	18.23
24	29	Industrial Reconstruction	(Revenue-Voted)	0.53
			(Capital-Voted)	3.38
25	30	Information and Cultural Affairs	(Revenue-Voted)	4.44
			(Capital-Voted)	2.14
26	31	Information Technology	(Revenue-Voted)	13.96
27	32	Irrigation and Waterways	(Revenue-Voted)	0.69
			(Capital-Voted)	186.50
28	33	Jails	(Revenue-Voted)	2.51
			(Capital-Voted)	4.59
29	35	Labour	(Revenue-Voted)	50.29

Sr. No.	Grant No.	Number and Name of grant/appropriation	Saving	
30	36	Land and Land Reforms	(Revenue-Voted)	28.09
			(Capital-Voted)	13.90
31	38	Minority Affairs and Madrasah Education	(Revenue-Voted)	154.79
			(Capital-Voted)	6.36
32	39	Municipal Affairs	(Revenue-Voted)	69.75
			(Capital-Voted)	41.67
33	41	Parliamentary Affairs	(Revenue-Voted)	1.74
			(Capital-Voted)	3.74
34	42	Personnel and Administrative Reforms	(Revenue-Voted)	4.55
			(Capital-Voted)	3.11
35	44	Public Enterprises	(Revenue-Voted)	43.06
			(Capital-Voted)	9.85
36	45	Public Health Engineering	(Revenue-Voted)	63.17
			(Capital-Voted)	134.27
37	46	Refugee Relief and Rehabilitation	(Revenue-Voted)	3.45
38	47	Disaster Management	(Revenue-Voted)	139.27
			(Capital-Voted)	0.66
39	49	Sports and Youth Services	(Revenue-Voted)	9.54
40	50	Sunderban Affairs	(Revenue-Voted)	7.75
41	51	Technical Education and Training	(Revenue-Voted)	7.02
			(Capital-Voted)	1.44
42	52	Tourism	(Capital-Voted)	5.61
43	53	Transport	(Revenue-Voted)	97.50
44	54	Urban Development	(Revenue-Voted)	140.14
45	55	Water Resources Investigation and Development	(Revenue-Voted)	42.41
			(Capital-Voted)	17.60
46	56	Women and Child Development and Social Welfare	(Revenue-Voted)	61.89
47	57	Bio-Technology	(Revenue-Voted)	1.31
48	58	Paschimanchal Unnayan Affairs	(Capital-Voted)	4.47
49	59	Self Help Group and Self Employment	(Capital-Voted)	6.86
50	60	Civil Defence	(Capital-Voted)	2.78
				2607.66
II - Appropriation				
1	8	Co-operation	(Capital Charged)	1.04
2	11	Micro and Small Scale Enterprises and Textiles	(Revenue-Charged)	0.52
			(Capital-Charged)	0.87
3	19	Fire and Emergency Services	(Revenue-Charged)	0.53
4	20	Fisheries	(Revenue-Charged)	4.13
5	25	Public Works	(Revenue-Charged)	3.88
6	27	Home	(Revenue-Charged)	1.07
7	29	Industrial Reconstruction	(Revenue-Charged)	0.60
8	36	Land and Land Reforms	(Revenue-Charged)	1.74
9	45	Public Health Engineering	(Revenue-Charged)	0.29
			(Capital-Charged)	0.59
10	46	Refugee Relief and Rehabilitation	(Revenue-Charged)	4.81
11	47	Disaster Management	(Revenue-Charged)	8.41
			(Capital-Charged)	0.66
				29.14

APPENDIX 2.8

DETAILS OF SAVING OF Rs 1 CRORE AND ABOVE NOT SURRENDERED

(Reference: Paragraph 2.3.12; Page 44)

(Rupees in crore)

Sr. No.	Number and Name of Grants/Appropriation		Saving	Surrender	Saving which remained to be surrendered
1	8-Co-operation	(Revenue-Voted)	12.72	0.72	12.00
		(Capital-Voted)	1.69	0.0030	1.69
2	12-Development and Planning	(Revenue-Voted)	91.71	88.15	3.56
		(Capital-Voted)	8.39	3.56	4.83
3	13-Education (Higher)	(Revenue-Voted)	77.04	1.57	75.47
4	28-Housing	(Capital-Voted)	12.48	6.41	6.07
5	34-Judicial	(Revenue-Voted)	34.10	14.07	20.03
6	40-Panchayat and Rural Development	(Revenue-Voted)	256.58	220.72	35.86
7	43-Power and Non-Conventional Energy Sources	(Capital-Voted)	68.06	65.14	2.92
8	60-Civil Defence	(Revenue-Voted)	13.58	10.37	3.21
			576.35		165.64

APPENDIX 2.9

CASES OF SURRENDER OF FUNDS IN EXCESS OF Rs 10 CRORE ON 31 MARCH 2009

(Reference: Paragraph 2.3.12; Page 44)

(Rupees in crore)

Sr. No.	Grant No.	Major Head	Amount of Surrender	% age of Total Provision
1	2	3	4	5
1	12	2049, 2401, 2402, 2505, 2575, 3451, 3454	88.15	36
2	34	2014 (Revenue-Voted)	14.07	7
		2014 (Revenue-Charged)	22.14	39
		4059, 4216 (Capital-Voted)	12.13	44
3	40	2505, 2235, 2501, 2515, 2551, 2575, 3451, 3604 (Revenue-Voted)	220.72	9
4	43	2045, 2049, 2071, 2575, 2801, 2810, 3451 (Revenue-Voted)	21.76	0.2
		4801, 6003, 6004, 6801, 6860 (Capital-Voted)	65.14	4
5	60	2052, 2070, 2235 (Revenue-Voted)	10.37	6
Total			454.48	

(Reference: Paragraph 2.4.1; Page 46)

(Rupees in crore)

Sr. No.	Department	Number of AC bills	Amount
1	Home (Police)	51	27.77
2	Land and Land Reforms	1626	82.60
3	Disaster Management	109	2.64
4	Fire Services	8	7.88
5	Animal Resources Development	2	3.06
6	Legislative Assembly Secretariat	35	1.46
7	Sunderban Affairs	15	1.05
8	Health and Family Welfare	19	10.31
9	Panchayat and Rural Development	17	0.54
10	Higher Education	3	0.10
11	Refugee, Relief and Rehabilitation	2	0.93
12	Development and Planning	3	0.05
13	Backward Classes Welfare	2	0.25
14	School Education	4	0.81
15	Information and Cultural Affairs	2	0.10
	Total	1898	139.55

Sl. No.	Department	Grants paid upto 31-12-2008		UC received upto 30-06-2009		UC remaining outstanding (Rupees in lakh)							
		No. of items	Amount	No. of items	Amount	Due up to 2005-2006		Due in 2006-2007		Due in 2007-2008 (up to 31-12-2008)		Total	
						No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
1	Agriculture	765	14924.22	-	-	615	13802.21	104	601.00	46	521.01	765	14924.22
2	Animal Resources Development	54	476.83	-	-	49	446.46	05	30.37	-	-	54	476.83
3	Commerce and Industries	154	59125.85	1	0.10	-	-	-	-	-	-	153	59125.75
4	Consumer Affairs	02	1.57	-	-	-	-	-	-	-	-	02	1.57
5	Co-operation	202	10370.05	-	-	157	4854.99	30	3330.59	15	2184.47	202	10370.05
6	Cottage and Small Scale Industries	733	36907.47	1	100.00	547	31805.70	143	3304.90	42	1696.87	732	36807.47
7	Development and Planning	654	41624.02	-	-	429	21784.08	193	12574.74	32	7265.20	654	41624.02
8	Education	22426	549332.43	-	-	19398	495626.81	2685	33764.15	317	10888.15	22400	540279.11
9	Environment	42	1399.27	01	50.00	40	1294.27	-	-	01	55.00	41	1349.27
10	Excise	01	0.10	-	-	01	0.10	-	-	-	-	01	0.10
11	Finance	217	3987.82	-	-	139	3977.72	68	8.54	10	1.56	217	3987.82
12	Fisheries	1016	8779.07	-	-	445	6336.77	419	2022.31	152	419.99	1016	8779.07
13	Food Processing and Horticulture	100	643.56	-	-	48	353.46	33	143.87	19	146.23	100	643.56
14	Food and Supply	13	9881.15	-	-	12	9875.76	01	5.39	-	-	13	9881.15
15	Forest	29	909.00	-	-	15	258.60	10	323.43	4	326.97	29	909.00
16	Governor's Secretariat	03	5.45	-	-	03	5.45	-	-	-	-	03	5.45
17	Health and Family Welfare	277	2010.47	02	0.86	208	1089.18	53	490.76	14	429.67	275	2009.61

Sl. No.	Department	Grants paid upto 31-12-2008		UC received upto 30-06-2009		UC remaining outstanding									
		No. of items	Amount	No. of items	Amount	Due up to 2005-2006		Due in 2006-2007		Due in 2007-2008 (up to 31-12-2008)		Total			
						No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount		
						(Rupees in lakh)									
18	Hill Affairs	334	12250.55	-	-	143	3797.88	135	5291.73	57	3160.94	334	12250.55		
19	Home (Parliamentary Affairs)	1257	24392.01	-	-	1078	23870.56	94	274.55	85	246.89	1257	24392.00		
20	Industrial Reconstruction	03	148.79	-	-	03	148.79	-	-	-	-	03	248.79		
21	Information and Cultural Affairs	657	3306.34	08	35.82	467	1452.33	141	1282.72	41	535.47	649	3270.52		
22	Irrigation and Waterways	14	1673.94	-	-	14	1673.94	-	-	-	-	14	1673.94		
23	Judicial	34	712.58	-	-	30	675.98	2	30.00	2	6.60	34	712.58		
24	Labour	989	2310.54	-	-	890	1873.07	56	279.75	43	157.72	989	2310.54		
25	Land and Land Reforms*	616	4507.58	-	-	607	4507.02	08	0.32	01	0.24	616	4507.58		
26	Law	03	9.16	-	-	-	-	03	9.16	-	-	03	9.16		
27	Municipal Affairs	8160	212811.41	08	759.33	4600	120561.11	2745	71200.17	807	20290.80	8152	212052.08		
28	Power	108	46387.73	04	145.00	68	41737.81	32	1597.92	4	2907.00	104	46242.73		
29	Public Enterprises*	17	5275.49	-	-	02	1704.59	13	1285.89	02	2285.01	17	5275.49		
30	Public Health Engineering	151	2008.88	-	-	11	146.38	118	1418.25	22	444.25	151	2008.88		
31	Public Works	33	1169.30	-	-	28	999.90	04	161.91	01	7.49	33	1169.30		
32	Relief	401	6910.81	-	-	72	436.21	263	3659.99	66	2814.61	401	6910.81		
33	Panchayat and Rural Development	18426	237700.18	01	4.95	11574	114685.72	4513	72829.29	2338	50180.22	18425	237695.23		
34	Backward Classes Welfare*	583	3878.98	-	-	540	3586.13	33	114.11	10	178.74	583	3878.98		

Sl. No.	Department	Grants paid upto 31-12-2008		UC received upto 30-06-2009		UC remaining outstanding						Total	
		No. of items	Amount	No. of items	Amount	Due up to 2005-2006		Due in 2006-2007		Due in 2007-2008 (up to 31-12-2008)			
						No. of items	Amount	No. of items	Amount	No. of items	Amount		
						(Rupees in lakh)							
35	Social Welfare	2321	12886.77	-	-	2042	11946.88	137	673.85	142	266.04	2321	12886.77
36	Sports and Youth Services	2974	10551.68	-	-	2155	6256.87	533	3607.79	286	687.02	2974	10551.68
37	Sunderban Affairs	12	1397.93	-	-	03	61.21	07	470.72	02	866.00	12	1397.93
38	Tourism	55	1159.48	-	-	36	991.18	08	87.07	11	81.23	55	1159.48
39	Transport	236	50917.73	01	340.00	173	42475.16	30	6698.33	32	1404.24	235	50577.73
40	Urban Development	205	43538.81	-	-	66	2995.73	99	26487.82	40	14055.26	205	43538.81
41	Water Investigation and Development	35	3961.44	-	-	30	2609.07	04	877.12	01	475.25	35	3961.44
42	Housing	09	10151.20	-	-	-	-	07	10132.45	02	18.75	09	10151.20
43	Information and Technology	01	39.50	-	-	-	-	01	39.50	-	-	01	39.50
44	Minorities Development	26	118.36	-	-	-	-	13	68.49	13	49.86	26	118.35
45	Personnel and Administrative Reforms	01	1.08	-	-	-	-	01	1.08	-	-	01	1.08
46	Bio-Technology	02	53.00	-	-	-	-	-	-	02	53.00	02	53.0
47	Paschimanchal Unnayan	03	2250.00	-	-	-	-	-	-	03	2250.00	03	2250.0
	Total	64354	1442859.58			46860	1009525.57	12767	289419.00	4674	133425.61	64301	1432370.18

* Land Revenue, Public Undertakings and SC/ST Welfare respectively in previous Report

NAMES OF BODIES AND AUTHORITIES, THE ACCOUNTS OF WHICH HAD NOT BEEN RECEIVED

(Reference: Paragraph 3.2; Page 54)

Sl. No.	Name of the Institution	Period of Transaction/ Accounts audited	Period of Arrears in preparation of Accounts	Number of Annual Accounts in arrear
University				
1	Bidhan Chandra Krishi Viswavidyalaya	Transaction 2006-07	2006-08	2
2	Bardhaman	Transaction 2005-07	1998-08	10
3	Calcutta	Transaction 2006-07 Accounts 2006-07	2007-08	1
4	Jadavpur	Transaction 2003-06	2000-08	8
5	Kalyani	Transaction 2007-08	2004-08	4
6	North Bengal	Accounts 2003-07	2007-08	1
7	Rabindra Bharati	Transaction 2007-08	2007-08	1
8	Vidyasagar	Transaction 2003-07 Accounts 1990-2005	2005-08	3
9	Uttar Banga Krishi Viswavidyalaya	Not Audited	2006-08	2
10	Bengal Engineering and Science University	Not Audited	2005-08	3
	Total			35
District Primary School Council				
11	Bankura	Accounts 2003-07	2007-08	1
12	Hooghly	Transaction 2002-08	2002-08	6
13	Howrah	Transaction 2004-08	2004-08	4
14	Jalpaiguri	Transaction 2002-08	2002-08	6
15	Malda	Accounts 2002-07	2007-08	1
16	Nadia	Transaction 2002-08	2002-08	6
17	North 24 Parganas	Transaction 2002-08	2002-08	6
18	South 24 Parganas	Transaction 2002-08	2002-08	6
	Total			36
Fish Farmer Development Authority				
19	Bankura	Transaction 2003-07	2003-08	5
20	Bardhaman	Transaction 2003-07	2003-08	5
21	Dakshin Dinajpur	Transaction 2002-08	2002-08	6
22	Hooghly	Transaction 2003-08	2003-08	5
23	Malda	Transaction 2002-07	2002-08	6
24	Nadia	Annual Accounts 2003-07 Transaction 2007-08	2007-08	1
25	North 24 Parganas	Transaction 2003-08	2003-08	5
26	Paschim Medinipur	Transaction 2003-08	2003-08	5
27	Uttar Dinajpur	Transaction 2002-08	2002-08	6
	Total			44
District Library Authority				
28	Bankura	Transaction 2004-07	2004-2008	4
29	Coochbehar	Transaction 2004-08	2004-2008	4
30	Dakshin Dinajpur	Transaction 2002-08	2002-2008	6
31	Hooghly	Transaction 2003-08	2003-2008	5

Sl. No.	Name of the Institution	Period of Transaction/ Accounts audited	Period of Arrears in preparation of Accounts	Number of Annual Accounts in arrear
32	Howrah	Transaction 2003-08	2003-2008	5
33	Malda	Transaction 2002-07	2002-2008	6
34	Nadia	Transaction 2003-08	2003-2008	5
35	North 24 Parganas	Transaction 2002-08	2002-2008	6
36	Paschim Medinipur	Transaction 2004-08	2004-2008	4
37	South 24 Parganas	Transaction 2002-08	2002-2008	6
	Total			51
Other Local Bodies				
38	AG & OT	Transaction 01.01.03- 31.12.06	1994-2008	14
39	Asansol Mines Board	Transaction 2002-07	2002-2008	6
40	Baranagar Joint Water Supply	Transaction 2002-07	2002-2008	6
41	Kolkata Improvement Trust	Accounts 2000-05	2005-2008	3
42	Zoological Garden, Alipore	Accounts 2002-07	2007-2008	1
43	Howrah Improvement Trust	Not Audited	2000-2008	8
44	Kolkata Metropolitan Water and Sanitation Authority	Not Audited	2001-2008	7
45	Wakf Board	Not Audited	Since inception	-
	Total			45

UNUTILISED GOVERNMENT GRANTS DURING THE YEAR
2008-09

(Reference: Paragraph 3.2; Page 54)

Sl. No.	Name of the Institution	Period of Transaction/ Accounts audited	Unutilised grants
University			
1	North Bengal	Accounts 2003-07	276.56
	Total		276.56
District Primary School Council			
2	Bankura	Accounts 2003-07	288.61
3	Birbhum	Accounts 2002-08	1527.41
4	Burdwan	Accounts 2003-08	291.91
5	Cooch Behar	Accounts 2003-08	933.02
6	Hooghly	Transaction 2002-08	892.29
7	Jalpaiguri	Transaction 2002-08	1734.33
8	Malda	Accounts 2002-07	593.79
9	Murshidabad	Accounts 2003-08	1923.25
10	Nadia	Transaction 2002-08	533.13
11	North 24 Parganas	Transaction 2002-08	689.92
12	Paschim Medinipur	Accounts 2003-08	619.90
13	South 24 Parganas	Transaction 2003-08	1407.80
14	Uttar Dinajpur	Accounts 2002-08	318.33
	Total		11753.69
Fish Farmer Development Authority			
15	Burdwan	Transaction 2003-07	7.49
16	Dakshin Dinajpur	Transaction 2002-08	4.68
17	Nadia	Annual Accounts 2003-07 Transaction 2007-08	12.88
18	Paschim Medinipur	Transaction 2003-08	2.38
	Total		27.43
District Library Authority			
19	Bankura	Transaction 2004-07	66.83
20	Coochbehar	Transaction 2004-08	29.40
21	Dakshin Dinajpur	Transaction 2002-08	39.25
22	Hooghly	Transaction 2003-08	62.23
23	Howrah	Transaction 2003-08	17.39
24	Malda	Transaction 2002-07	36.86
25	Murshidabad	Accounts 2002-08	45.59
26	Nadia	Transaction 2003-08	162.80
27	North 24 Parganas	Transaction 2002-08	57.74
28	Paschim Medinipur	Transaction 2004-08	139.32
29	South 24 Parganas	Transaction 2002-08	70.92
30	Uttar Dinajpur	Accounts 2002-08	19.09
	Total		747.42
	Grand Total		12805.10

(Reference: Paragraph 3.3; Page 54 and Paragraph 1.6.4, Page 23)

Sl No	Name of the Body/ Authority	Period upto which audit is entrusted	Year upto which Accounts due for submission	Year upto which Accounts were submitted	Period upto which Audit Report had been issued	Date of issue of audit report	Year upto which Audit Report had been laid before the legislature	Remarks
1	West Bengal Comprehensive Area Development Corporation	2013-14	2008-09	2007-08	2007-08	03-11-2009	2005-2006	Reminder for laying previous AR and submission of accounts issued in May 2009.
2	West Bengal University of Animal & Fishery Sciences	2009-10	2008-09	2003-04	2003-04	08-05-2008	-	Reminder for laying previous AR and submission of accounts issued in May 2009.
3	Darjeeling Gorkha Hill Council	2012-13	2008-09	1990-91	1990-91	11.07.2008	-	Reminder for laying previous AR and submission of accounts issued in May 2009.
4	West Bengal Commission for Women	2011-12	2008-09	2008-09	2006-07	15.07.2008	2005-06	Reminder for laying previous AR and submission of accounts issued in May 2009.
5	West Bengal Human Rights Commission	Permanent entrustment	2008-09	2007-08	2005-06	22.10.2008	2004-05	Reminder for laying previous AR and submission of accounts issued in May 2009.
6	State Legal Services Authority, West Bengal	Permanent entrustment	2008-09	2008-09	2005-06	October 2001 to 22.06.2007	-	Reminder for laying previous AR and submission of accounts issued in May 2009.
7	West Bengal Heritage Commission	2010-11	2008-09	2007-08	2006-07	15.06.2009	2005-06	Latest reminder for submission of accounts issued in May 2009.
8	West Bengal Commission for Backward Classes	1997-98	1997-98	-	-	-	-	Latest reminder for submission of accounts issued in May 2009.
9.	West Bengal Bio-diversity Board	2013-14	2008-09	2007-08	2007-08	01-02-2010	-	Latest reminder for submission of accounts issued in May 2009.
10	District Legal Services Authority, Purba Medinipur	Permanent entrustment	2008-09	2007-08	2007-08	07-07-2009	-	Latest reminder for submission of accounts issued in May 2009.
11	District Legal Services Authority, Bardhaman	Permanent entrustment	2008-09	2007-08	1998-2008	09-09-2009	-	Latest reminder for submission of accounts issued in May 2009.

Sl No	Name of the Body/ Authority	Period upto which audit is entrusted	Year upto which Accounts due for submission	Year upto which Accounts were submitted	Period upto which Audit Report had been issued	Date of issue of audit report	Year upto which Audit Report had been laid before the legislature	Remarks
12	District Legal Services Authority, Hooghly	Permanent entrustment	2008-09	2006-07	2006-07	07-09-2009	-	Latest reminder for submission of accounts issued in May 2009.
13	Commissioners for Rabindra Setu	2004-09	2008-09	2007-08	2007-08	12-02-2008 to 03.04.2009	2005-06	-
14	Hooghly River Bridge Commissioners	2008-13	2008-09	2007-08	2007-08	20.07.2009	2005-06	-
15	Kolkata Metropolitan Development Authority	2007-12	2008-09	2007-08	2007-08	01-01-2010	2004-05	-
16	West Bengal Housing Board	2007-12	2008-09	2007-08	2007-08	16.03.2009	2006-07	-

APPENDIX 3.5

STATEMENT OF FINALISATION OF ACCOUNTS AND THE GOVERNMENT INVESTMENT IN DEPARTMENTALLY MANAGED COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

(Reference: Paragraph 3.4; Page 55)

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Accounts finalized upto	Investment as per last Accounts (Rupees in crore)	Accumulated loss as per latest account received upto June, 2008 (Rupees in crore).
1.	Food Processing Industries and Horticulture	1	Directorate of Cinchona and other Medicinal plants	1888	2006-07	433.20	395.32
2	Micro & Small Scale Enterprises and Textiles	4	(1) Central Engineering Organisation, Howrah	1956	1997-98	5.13	4.25
			(2) Training-cum-production centre for Wood Industries, Siliguri	1956	1997-98	2.95	2.76
			(3) Integrated Wood Industries Scheme, Durgapur.	1956	1997-98	4.45	3.90
			(4) Integrated Wood Industries Scheme, Kalyani	1956	1997-98	6.36	4.96
3.	Public Enterprise	1	Undertaking of Darjeeling Ropeway Company Limited	1977	1982-83	0.26	0.18
4	Housing	2	(i) Directorate of Brick Production (Manual)	1965	1995-96	16.05	7.05
			(ii) Mechanical Brick Factory, Palta	1965	2002-03	65.68	66.80
5	Animal Resources Development	4	i) Durgapur Milk Supply Scheme	1972	No Arrear	52.56	81.18
			ii) Krishnanagar Milk Supply Scheme	1977	No Arrear	43.51	46.20
			iii) Burdwan Milk Supply Scheme	1982	No Arrear	39.81	39.43
			iv) Greater Calcutta Milk Supply Scheme	1990	No Arrear	1175.47	1117.66
6.	Food and Supplies	1	Scheme for Public Distribution of Foodgrains (PDS)	1986	2004-05	495.57	Accumulated Profit of Rs 0.31 crore
7.	Fisheries, Aqua Culture, Aquatic resources and Fishing Harbours Department	1	Scheme for production of shark liver oil, fish meal, etc.	1961	1993-94	0.01	NA
8.	Commerce and Industries Department	1	Oriental Gas Company's Undertaking	1960	No Arrear	30.80	29.38
Eight Departments		15				2371.81	1799.07

APPENDIX 3.6

DEPARTMENT WISE/DURATION WISE BREAK-UP OF THE CASES OF MISAPPROPRIATION, DEFALCATION, ETC., (CASES WHERE FINAL ACTION WAS PENDING AT THE END OF MARCH 2009)

(Reference: Paragraph 3.5; Page 55)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total No. of Cases
1	Agriculture	-	1	3	5	2	33	44
2	Animal Resources Development	-	11	1	1	2	8	23
3	Cottage and Small Scale Industries	-	1	-	-	-	-	1
4	Finance	-	-	1	1	1	7	10
5	Fisheries	-	-	-	1	-	-	1
6	Food and Supplies	-	-	-	1	-	2	3
7	Health and Family Welfare	9	20	20	3	4	21	77
8	Home (Civil) Defence	-	-	-	-	1	-	1
9	Home (Police)	-	2	-	-	4	5	11
10	Commerce and Industries	-	-	-	1	-	-	1
11	Board of Revenue	-	7	1	6	3	268	285
12	Judicial	-	1	-	-	1	2	4
13	Labour	-	-	-	1	-	10	11
14	Land and Land Reforms	1	1	2	1	3	62	70
15	Municipal Affairs	-	-	1	-	-	-	1
16	Relief	2	-	3	-	1	-	6
17	Rural Development	1	3	6	5	5	17	37
18	School Education	1	4	-	-	-	-	5
19	Social Welfare	-	-	-	3	-	-	3
20	Technical Education and Training	1	-	2	-	8	-	11
21	Sports and Youth Services	-	-	1	-	-	-	1
22	Information and Cultural Affairs	1	-	-	-	-	-	1
23	Irrigation and Waterways	27	32	16	16	9	5	105
24	Public Works (Roads)	25	28	29	6	3	2	93
25	Housing	3	4	12	1	1	-	21
26	Forest	-	5	-	-	-	-	5
27	Public Works	41	28	24	7	3	3	106
28	Water Investigation and Development	15	1	31	7	4	17	84
29	Mass Education	-	-	-	-	-	1	1
30	Micro and Small Scale Enterprises and Textiles	1	-	-	-	-	-	1
31	Public Works (CB)	2	2	4	1	-	-	9
32	Public Health Engineering	20	5	-	-	-	-	25
33	Urban Development	1	2	3	-	-	-	6
	TOTAL	151	167	160	67	55	463	1063

APPENDIX 3.7

DEPARTMENT/CATEGORY-WISE DETAILS IN RESPECT OF CASES OF LOSS TO GOVERNMENT DUE TO THEFT, MISAPPROPRIATION/LOSS OF GOVERNMENT MATERIAL

(Reference: Paragraph 3.5; Page 55)

Sl. No.	Name of the Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
		Number of Cases	Amount (Rupees in lakh)	Number of Cases	Amount (Rupees in lakh)	Number of Cases	Amount (Rupees in lakh)
1	Agriculture	1	0.01	43	15.49	44	15.50
2	Animal Resources Development	1	1.53	22	16.70	23	18.20
3	Cottage and Small Scale Industries	-	-	1	9.98	1	9.98
4	Finance	-	-	10	13.13	10	13.13
5	Fisheries	-	-	1	9.12	1	9.12
6	Food and Supplies	-	-	3	0.50	3	0.50
7	Health and Family Welfare	-	-	77	81.96	77	81.96
8	Home (Civil) Defence	-	-	1	1.91	1	1.91
9	Home (Police)	1	0.07	10	6.28	11	6.35
10	Commerce and Industries	1	1.50	-	-	1	1.50
11	Board of Revenue	2	0.10	283	20.56	285	20.66
12	Judicial	-	-	4	5.87	4	5.87
13	Labour	-	-	11	1.68	11	1.68
14	Land and Land Reforms	-	-	70	25.94	70	25.94
15	Municipal Affairs	-	-	1	1.87	1	1.87
16	Relief	-	-	6	22.80	6	22.80
17	Rural Development	1	0.01	36	73.79	37	73.80
18	School Education	-	-	5	54.04	5	54.04
19	Social Welfare	-	-	3	22.28	3	22.28
20	Technical Education and Training	-	-	11	18.42	11	18.42
21	Sports and Youth Services	-	-	1	3.24	1	3.24
22	Information and Cultural Affairs	-	-	1	0.06	1	0.06
23	Irrigation and Waterways	62	210.82	43	925.19	105	1136.01
24	Public Works (Roads)	43	96.14	50	2875.26	93	2971.40
25	Housing	13	8.89	8	249.79	21	258.68
26	Forest	-	-	5	10.06	5	10.06
27	Public Works	61	99.26	45	2471.23	106	2570.49
28	Water Investigation and Development	62	398.39	22	40.12	84	438.51
29	Mass Education	-	-	1	0.01	1	0.01
30	Micro and Small Scale Enterprises and Textiles	-	-	1	2.50	1	2.50
31	Public Works (CB)	5	79.36	4	3.37	9	82.73
32	Public Health Engineering	19	241.73	6	1588.13	25	1829.86
33	Urban Development	3	7.50	3	67.66	6	75.16
	TOTAL	275	1145.31	788	8638.94	1063	9784.25

GLOSSARY OF TERMS

A&E	Accounts and Entitlement
AE	Aggregate Expenditure
ARWSP	Accelerated Rural Water Supply Programme
ATF	Aviation Turbine Fuel
BE	Budget Expenditure
CD	Central Dairy
CE	Capital Expenditure
CGA	Controller General Of Accounts
CO	Capital Outlay
CPSMS	Central Plan Scheme Monitoring System
DE	Development Expenditure
EIMTL	Engel India Machine and Tools Limited
ES	Economic Services
FD	Fiscal Deficit
FRBM	Fiscal Responsibility and Budget Management
GoI	Government of India
GS	General Services
GSDP	Gross State Domestic Product
HD	Haringhata Dairy
HUD	Housing and Urban Development
IAY	Indira Awas Yojana
IP	Interest Payment
JVU	Joint Venture Unit
KPT	Kolkata Port Trust
LF Account	Local Fund Account
MDM	Mid Day Meal
NEGP	National e-Governance Action Plan
NGO	Non-Government Organisation
NPRE	Non Plan Revenue Expenditure
NRHM	National Rural Health Mission
NSAP	National Social Assistance Programme
NSSF	National Social Security Fund
O&M	Operation and Maintenance
OBC	Other Backward Classes
PAO	Pay and Accounts Offices
PCDE	Per Capita Development Expenditure
PD	Primary Deficit
PE Department	Public Enterprises Department
PLA	Personal Ledger Account
PMGSY	Pradhan Mantri Gram Sadak Yojana
PRE	Plan Revenue Expenditure
RBI	Reserve Bank of India
RD	Revenue Deficit
RE	Revised Estimate/ Revenue Expenditure

RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RHE	Rental Housing Estate
RKVY	Rashtriya Krishi Vikas Yojana
RR	Revenue Receipts
S&W	Salary and Wages
SC	Scheduled Castes
SS	Social Sector
SSE	Social Sector Expenditure
ST	Scheduled Tribes
TE	Total Expenditure
TFC	Twelfth Finance Commission
UC	Utilisation Certificate
UT	Union Territory
VAT	Value Added Tax
WBSEB	West Bengal State Electricity Board
WBVAT Act	West Bengal Value Added Tax Act
WS	Water Supply