

# **CHAPTER 1**

## **AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS**

## CHAPTER-1

### An Overview of the Panchayati Raj Institutions

#### 1.1 PRIs in West Bengal

The West Bengal Panchayat Act, 1973 was enacted to reorganize Panchayats in rural areas of West Bengal and to provide for matters connected therewith. The provisions of sections under West Bengal Panchayat Act came into effect from 1974. The Act depicted the broad aspects of duties, powers and functions of three tier Panchayati Raj Institutions (PRIs) in West Bengal viz. **17 Zilla Parishads (ZPs) and one Mahakuma Parishad (MP) for Siliguri Sub-Division at District level and 341 Panchayat Samitis (PSs) at intermediate level** between the district and village level and **3,351 Gram Panchayats (GPs) at the village level**, with all the powers and authority for attaining socio-economic justice for 6.22 crore rural people (68 *per cent* of the total population of 9.13 crore as per 2011 census) inhabited in 86,152 sq. km (97.07 *per cent* of total area of 88,752 sq. km.) of the State.

#### 1.2 Organisational structure of the PRIs

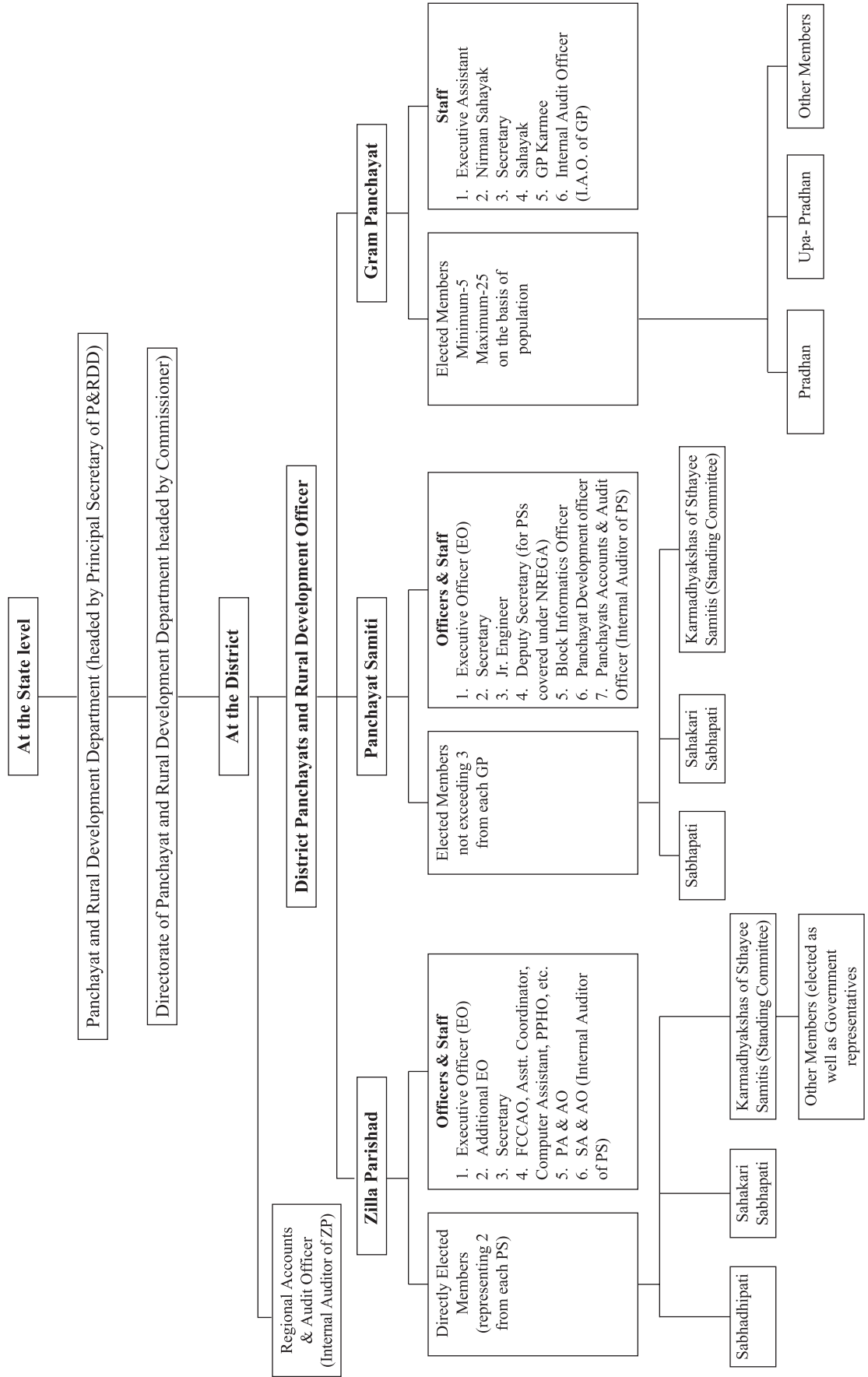
At state level there is the Panchayat and Rural Development Department (P&RDD) headed by a Principal Secretary/Secretary who exercises administrative control over the PRIs. The Directorate of P&RDD, in the Department, supervises institutional and statutory administration of the PRIs. The Directorate is headed by the Commissioner. At the district level, control and co-ordination are exercised by the District Panchayats & Rural Development Officer (DPRDO), who is responsible for supporting and guiding the PRIs for its smooth functioning.

He is assisted by a team of officers consisting of one Deputy DPRDO, one Panchayat Development Officer (PDO), one Panchayat Accounts and Audit Officer (PA&AO) and other assistants.

The Act envisages the functioning of the ZPs and PSs through ten functional Standing Committees called *Sthayee Samitis*<sup>1</sup> having elected representatives and officials concerned as members. Each of the *Sthayee Samitis* of the ZPs/PSs is headed by a *Karmadhyaksha* (also an elected representative). The GPs shall function through one or more group of members called as *Upa-Samitis* with a convener for each, nominated from the group concerned, as envisaged in the Act.

The organisational set up of the Panchayati Raj System in West Bengal is shown in the flow chart in the next page:

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- <sup>1</sup>(i) *Artha, Sanstha, Unnayan O Parikalpana (Finance, Establishment, Development and Planning).*  
(ii) *Janasasthya O Paribesh (Public Health and Environment).*  
(iii) *Purta Karya O Paribahan (Public Works and Transport).*  
(iv) *Krishi Sech O Samabaya (Agriculture, Irrigation and Co-operative).*  
(v) *Shiksha, Sanskriti, Tathya O Krira (Education, Culture, Information and Sports).*  
(vi) *Sishu O Nari Unnayan, Janakalayan O Tran (Children and Women's Development, Social Welfare and Relief).*  
(vii) *Bon O Bhumi Sanskar (Forest and Land Reforms).*  
(viii) *Matsya O Prani Sampad Bikash (Fishery and Animal Resource Development).*  
(ix) *Khadya O Sarbaraha (Food and Supplies).*  
(x) *Khudra Shilpa, Bidyut O Achiracharit Shakti (Small Industries, Power and Non-conventional Energy Sources).*
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### **1.3 Powers and functions**

Article 243G and 243H of the Constitution of India directed the PRIs the following powers, authority and responsibilities :

- Preparation of plan for economic development and social justice;
- Implementation of schemes for economic development and social justice as may be entrusted to it in relation to the matters listed in the Eleventh Schedule of the Constitution;
- Authorise to levy, collect and appropriate taxes, duties, tolls and fees and
- Constitution of funds for crediting all moneys received by or on behalf of the Panchayats and also for withdrawal of such moneys therefrom.

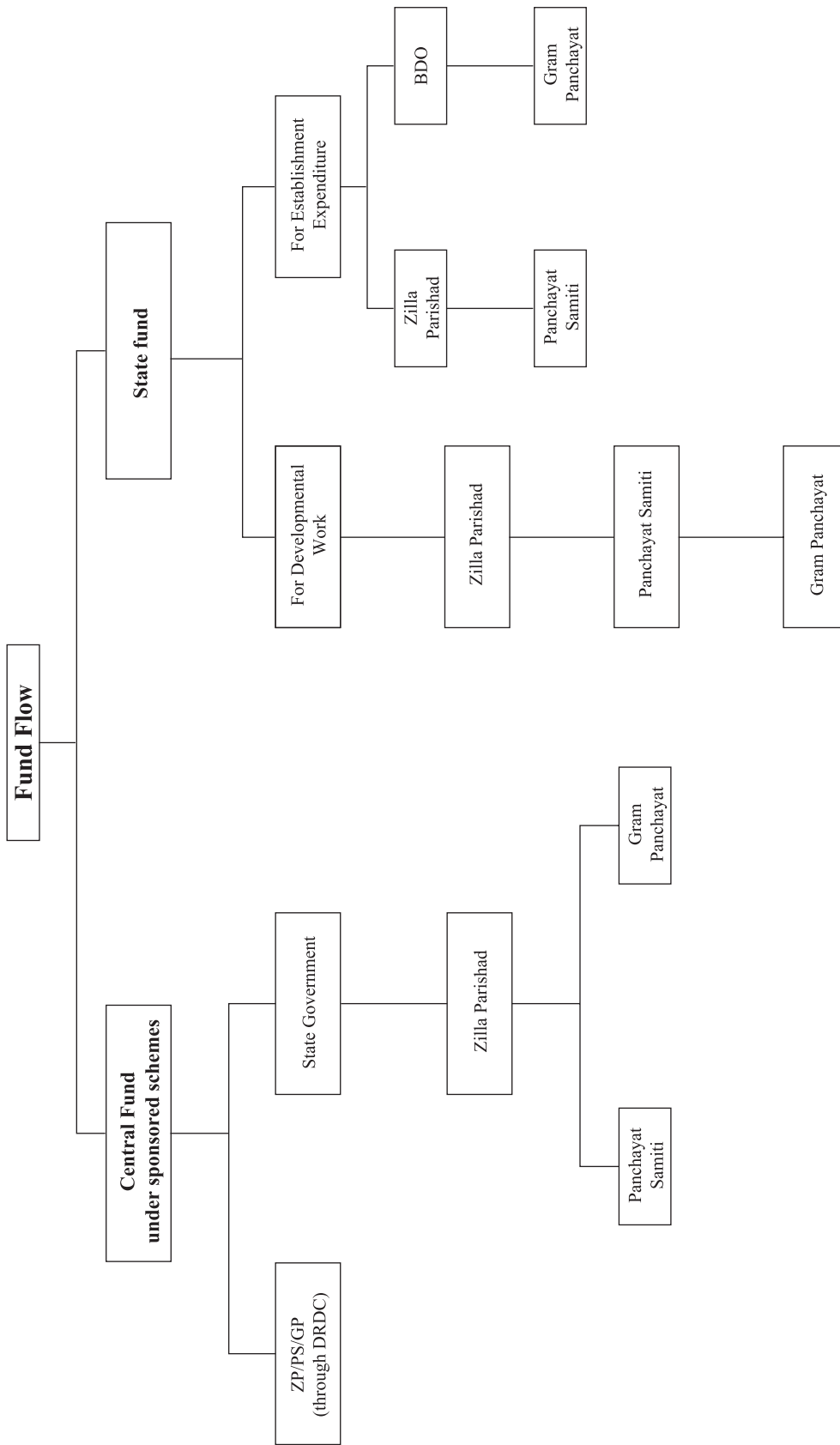
Before 73<sup>rd</sup> amendment of the Constitution of India, the above powers, authority and responsibilities had already been incorporated in West Bengal Panchayat Act, 1973. The act also described the nature of powers and duties to be performed by each tier of PRIs i.e. by GPs, by PSs and by ZPs.

### **1.4 Flow of funds**

The State Government provides financial support to PRIs to meet their administrative expenditure on account of establishment cost and discharging certain responsibilities. Funds for meeting establishment cost including salary and pension of the employees of the Panchayat Bodies are provided out of budget of the P&RD Department. The major sources of funds available to the PRIs are released by both the Central Government and the State Government through the budget of the P&RDD and also funds are directly released by the Central Government to the PRIs through District Rural Development Cells (DRDC) for implementation of several Central and State schemes.

The ZPs and PSs deposit state funds in the Treasury in Deposit Account (head “8448-Local Fund Deposit Account, 109-Panchayat Bodies”) that is operated as non-interest bearing bank account and centrally sponsored scheme funds are deposited in savings account according to guidelines of the respective schemes. The GP lodged the Panchayat Fund in one or more than one savings account of a nearby nationalized bank or any other scheduled bank or licensed Co-operative Bank or Post Office.

A fund-flow statement as per general procedure is given in the next page:



### 1.5 Accounting procedure of PRIs

PRIs maintain their accounts as per formats prescribed in the West Bengal Panchayat Act, 1973 and rules framed there under. The accounts are maintained in cash basis double entry system.

In pursuance of Model Accounting System (MAS) for Panchayats prescribed by the Ministry of Panchayati Raj in consultation with Comptroller and Auditor General based on the recommendation of the Eleventh Finance Commission for exercising proper control and securing better accountability, the State Government intimated (May 2011) that in consistent with MAS they had prepared a coding structure comprising of three tier Budget Head for receipt of Grants-in-aid and four tier Budget Head for expenditure after minor modifications. The Finance Department of the State approved the codification structure.

### 1.6 Thirteenth Finance Commission

Government of India (GOI) accepted the recommendations of Thirteenth Finance Commission (13th FC) for devolution of Grants-in-aid amounting to ₹ 385.86 crore as General Basic Grant for PRIs of West Bengal and ₹ 1.60 crore as Special Area Basic Grant for the Hill areas of Darjeeling district payable during 2010-11. The grants were to be released in two installments in the month of July and January every year. The P&RDD of the Government of West Bengal stipulated<sup>2</sup> that the State would be eligible for the second installment on condition that at least 75 per cent of the available fund for the entire State had been utilised. Besides, maintenance work relating to the assets owned by the PRIs could be taken up under 13<sup>th</sup> FC grants and attempt should be made to recover at least 50 per cent of the recurring operation and maintenance cost in the form of user charges from the beneficiaries.

The details of release and utilisation of Thirteenth Finance Commission (13<sup>th</sup> FC) during 2010-11 were detailed below:

( ₹ in crore)

Year	Amount released to PRIs		Utilisation by PRIs		Expenditure towards basic amenities by			Percentage of expenditure incurred by the PRIs	
	General Basic Grants	Special Area Basic Grants	General Basic Grants	Special Area Basic Grants	ZPs	PSs	GPs	General Basic Grants	Special Area Basic Grants
2010-11	192.93	0.80	110.12	0	37.14	13.55	59.52	57	0

<sup>2</sup> Memo no.5901/PN/O/I/4F-5/07 (Part-I) dated 5.8.2010

Thus, PRIs utilised only 57 per cent of the available fund under General Basic Grants and nil under Special Area Basic Grants. The second installment during 2010-11 was not released by GOI due to poor utilisation of funds by PRIs. Besides, PRIs spent ₹ 1.65 crore during 2010-11 towards maintenance of assets which were not owned by them. Moreover, amount collected as user charges from beneficiaries by PRIs during the period was not available from the department.

### 1.7.1 State Budget allocation vis-à-vis actual release

Funds were allocated to PRIs under three broad heads viz (i) Salary and Allowances Grant, (ii) Schematic Fund and (iii) Other Grants. Salary and Allowances Grant and Other Grants were released by the State Government through State Budget and Schematic Fund by GOI and the State Government through State Budget and also by GOI directly to the DRDC especially for execution of poverty alleviation schemes. The details of state budget allocation, actual release and shortfall in release were detailed below:

**Table No. 1.1**

( ₹ in crore)

Year	State Budget Allocation			Actual Released out of state budget	Short release	% shortfall	Expenditure out of state budget allocation	
	Plan	Non-plan	Total				Plan	Non-plan
2006-07	770.81	501.84	1,272.65	1,233.95	38.70	3	445.48	342.12
2007-08	1,562.58	601.35	2,163.93	1,880.77	283.16	15	619.81	360.91
2008-09	1,478.00	570.07	2,048.07	1,830.89	217.18	12	1,126.04	561.85
2009-10	2,002.73	749.61	2,752.34	2,780.09	00	00	1,784.04	861.16
2010-11	2,356.60	1,182.24	3,538.84	2,763.59	775.25	28	Not available	
<b>Total</b>	<b>8,170.72</b>	<b>3,605.11</b>	<b>11,775.83</b>	<b>10,489.29</b>	<b>1,314.29</b>	<b>13</b>	-	-

- (i) There was short release of ₹ 1,314.29 crore to PRIs from the P&RDD's budget allocation during 2006-11, being 13 per cent of its budget allocation;
- (ii) the expenditure out of the grants released from the P&RDD's budget during 2010-11 was not furnished by the department but total expenditure was ₹ 5,063.36 crore against total Central and State allocation of ₹ 5,736.03 crore.



## 1.7.2 Financial position of PRIs

(a) The position of grants received by the PRIs during the last five years according to source is as follows:

**Table No. 1.2**

(₹ in crore)

Year	Central fund through State Budget	Fund released by State Govts.	Total Fund released through State Budget	Central Fund directly to PRIs	Grand Total of grants received from Central and State Govts.	Percentage of grants received		
						Central		State
						Directly to PRIs	Through State budget	
2006-07	402.55	831.40	1233.95	789.86	2023.81	39	20	41
2007-08	729.09	1151.68	1880.77	1349.66	3230.43	42	22	36
2008-09	699.02	1131.87	1830.89	1604.83	3435.72	47	20	33
2009-10	Not available	Not available	2780.09	2530.13	5310.22	48	-	-
2010-11	797.55	1966.04	2763.59	2972.44	5763.03	52	14	34

(b) Financial position of the ZPs, PSs and GPs are depicted below:

**Table No. 1.3**

(₹ in crore)

Year: 2006-07														
Heads	Receipt							Expenditure						
	ZPs		PSs		GPs		Total	ZPs		PSs		GPs		Total
	P*	NP*	P*	NP*	P*	NP*		P*	NP*	P*	NP*	P*	NP*	
<b>(A) Grants:</b>														
(i) Salary and Allowances Grant	-	25.40	-	15.22	-	170.17	210.79	Not furnished by the P&RDD						214.90
(ii) Schematic fund	243.15	-	152.72	-	945.86	-	1341.73	Not furnished by the P&RDD						1369.37
(iii) Other Grants	55.30	74.48	27.90	57.59	84.07	171.95	471.29	Not furnished by the P&RDD						437.84
<b>(A) Total Grants</b>	<b>298.45</b>	<b>99.88</b>	<b>180.62</b>	<b>72.81</b>	<b>1,029.93</b>	<b>342.12</b>	<b>2,023.81</b>	Not furnished by the P&RDD						<b>2,022.11</b>
<b>(B) Own Source</b>	-	<b>28.01</b>	-	<b>17.61</b>	-	<b>54.65</b>	<b>100.27</b>	Not furnished by the P&RDD						<b>NA</b>
<b>Total (A+B)</b>	<b>298.45</b>	<b>127.89</b>	<b>180.62</b>	<b>90.42</b>	<b>1,029.93</b>	<b>396.77</b>	<b>2,124.08</b>	Not furnished by the P&RDD						<b>NA</b>

**Table No. 1.4**

(₹ in crore)

Year: 2007-08														
Heads	Receipt							Expenditure						
	ZPs		PSs		GPs		Total	ZPs		PSs		GPs		Total
	P*	NP*	P*	NP*	P*	NP*		P*	NP*	P*	NP*	P*	NP*	
<b>(A) Grants:</b>														
(i) Salary and Allowances Grant	-	29.39	-	19.75	-	201.87	251.01	-	25.76	-	17.43	-	206.47	249.66
(ii) Schematic fund	509.23	-	398.33	-	1553.25	-	2460.81	1391.55	-	199.74	-	546.35	-	2137.64
(iii) Other Grants	40.76	100.61	40.97	54.21	123	159.06	518.61	Not furnished by the P&RDD						480.08
<b>(A) Total Grants</b>	<b>549.99</b>	<b>130</b>	<b>439.3</b>	<b>73.96</b>	<b>1,676.25</b>	<b>360.93</b>	<b>3,230.43</b>	-	-	-	-	-	-	<b>2,867.38</b>
<b>(B) Own Source</b>	-	<b>35.73</b>	-	<b>15.50</b>	-	<b>61.61</b>	<b>112.84</b>	Not furnished by the P&RDD						<b>NA</b>
<b>Total (A+B)</b>	<b>549.99</b>	<b>165.73</b>	<b>439.3</b>	<b>89.46</b>	<b>1,676.25</b>	<b>422.54</b>	<b>3,343.27</b>							

**Table No. 1.5**

(₹ in crore)

Year: 2008-09														
Heads	Receipt							Expenditure						
	ZPs		PSs		GPs		Total	ZPs		PSs		GPs		Total
	P*	NP*	P*	NP*	P*	NP*		P*	NP*	P*	NP*	P*	NP*	
<b>(A) Grants:</b>														
(i) Salary and Allowances Grant	-	31.93	-	21.66	-	214.73	268.32	-	29.32	-	21.24	-	242.47	293.04
(ii) Schematic fund	404.02	-	162.55	-	2183.49	-	2750.06	299.21	-	114.88	-	2113.34	-	2527.43
(iii) Other Grants	40.55	68.39	24.10	53.23	72.30	158.77	417.34	53.60	65.09	9.60	50.89	58.54	152.84	390.56
<b>(A) Total Grants</b>	<b>444.57</b>	<b>100.32</b>	<b>186.65</b>	<b>74.89</b>	<b>2,255.79</b>	<b>373.5</b>	<b>3,435.72</b>	<b>352.81</b>	<b>94.41</b>	<b>124.48</b>	<b>72.13</b>	<b>2171.88</b>	<b>395.31</b>	<b>3,211.03</b>
<b>(B) Own Source</b>	-	<b>39.51</b>	-	<b>20.72</b>	-	<b>70.74</b>	<b>130.97</b>	Not furnished by the P&RDD						<b>121.21</b>
<b>Total (A+B)</b>	<b>444.57</b>	<b>139.83</b>	<b>186.65</b>	<b>95.61</b>	<b>2,255.79</b>	<b>444.24</b>	<b>3,566.69</b>							<b>3,332.24</b>

**Table No. 1.6**

(₹ in crore)

Year: 2009-10														
Heads	Receipt							Expenditure						
	ZPs		PSs		GPs		Total	ZPs		PSs		GPs		Total
	P*	NP*	P*	NP*	P*	NP*		P*	NP*	P*	NP*	P*	NP*	
<b>(A) Grants</b>														
(i) Salary and Allowances Grant	-	43.83	-	49.72	-	368.26	461.81	-	43.68	-	48.33	-	423.23	515.24
(ii) Schematic fund	538.49	-	134.96	-	3509.29	-	4182.74	451.75	-	192.30	-	3636.32	-	4280.37
(iii) Other Grants	61.77	104.92	47.32	77.22	141.95	232.49	665.67	45.97	84.38	39.02	63.37	110.11	198.17	541.02
<b>(A) Total Grants</b>	<b>600.26</b>	<b>148.75</b>	<b>182.28</b>	<b>126.94</b>	<b>3651.24</b>	<b>600.75</b>	<b>5310.22</b>	<b>497.72</b>	<b>128.06</b>	<b>231.32</b>	<b>111.70</b>	<b>3746.42</b>	<b>621.40</b>	<b>5336.63</b>
<b>(B) Own Source</b>	-	42.72	-	20.11	-	96.49	159.32	Not furnished by the P&RDD						NA
<b>Total (A+B)</b>	<b>600.26</b>	<b>191.47</b>	<b>182.28</b>	<b>147.05</b>	<b>3651.24</b>	<b>697.24</b>	<b>5469.54</b>							

**Table No. 1.7**

(₹ in crore)

Year: 2010-11														
Heads	Receipt							Expenditure						
	ZPs		PSs		GPs		Total	ZPs		PSs		GPs		Total
	P*	NP*	P*	NP*	P*	NP*		P*	NP*	P*	NP*	P*	NP*	
<b>(A) Grants</b>														
(i) Salary and Allowances Grant		52.62		51.36		461.04	565.02		49.12		49.56		455.64	554.32
(ii) Schematic fund	607.76		936.02		3,118.88		4,662.66	557.69		815.19		2990.71		4363.59
(iii) Other Grants	48.91	61.70	54.32	23.42	211.26	108.74	508.35	9.70	27.10	11.37	10.17	40.57	46.53	145.44
<b>(A) Total Grants</b>	<b>656.67</b>	<b>114.32</b>	<b>990.34</b>	<b>74.78</b>	<b>3,330.15</b>	<b>569.78</b>	<b>5,736.03</b>	<b>567.39</b>	<b>76.22</b>	<b>826.56</b>	<b>59.73</b>	<b>3031.28</b>	<b>502.17</b>	<b>5,063.35</b>
<b>(B) Own Source</b>	Not furnished by the P&RDD						NA	Not furnished by the P&RDD						NA
<b>Total (A+B)</b>														

\*P= Plan; \*NP= Non -Plan

(i) Expenditure under Plan head during 2010-11 decreased by one *per cent* though receipt under Plan head increased by 11 *per cent* in comparison to previous year; (ii) total receipts under schematic fund increased by 248 *per cent* while expenditure increased by 219 *per cent* during 2010-11 in comparison to 2006-07 and (iii) there was an increasing trend of flow of schematic funds to GPs. In 2010-11, it was increased to 230 *per cent* in comparison to funds received by GPs in 2006-07. Further, GPs received 63 to 84 *per cent* of the total schematic allocation for PRIs and (iv) the Central and State Finance Commission emphasized on radical improvement in collection of Own Source Revenue (OSR). But OSR constitutes only five, three, four and three *per cent* of total receipts of the PRIs during 2006-07 to 2009-10 respectively. Thus, the PRIs were completely dependent on government grants for rural development. Moreover, the P&RDD, administrative department of PRIs, had no information on expenditure from OSR of the three tiers during 2006-07 to 2009-10 and receipt and expenditure of OSR during 2010-11.

## 1.8 Sectoral Analysis

Sector-wise receipt and expenditure under schematic fund like education, rural housing, poverty alleviation, health and family welfare for the past four years as revealed from the records of the P&RDD are as follows:

**Table No. 1.8**

(₹ in crore)

Name of sector	2007-08		2008-09		2009-10		2010-11	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
Poverty alleviation	1,190.48	1,177.58	1,104.94	1,016.71	2,137.50	2,347.59	2,629.13	2,741.88
Social Security	351.71	323.09	503.78	481.03	745.47	678.33	753.73	475.12
Health & Family welfare	120.25	46.58	51.59	13.17	46.75	110.74	113.27	0.00
Backward area development	266.35	127.04	183.00	125.20	242.18	104.10	216.03	208.75
Development of natural resources	1.51	7.68	15.75	1.97	13.67	7.72	2.75	0.00
Rural Development	73.57	73.31	91.17	90.05	87.27	93.84	141.01	141.01
Rural roads	5.94	5.94	5.99	5.67	8.80	8.80	7.45	0.00
Rural Housing	344.24	269.83	702.92	701.97	863.49	891.65	791.45	796.83
Education	106.59	106.59	90.76	90.75	37.51	37.50	7.50	0.00
Other sectors	0.17	-	0.16	0.91	0.1	0.10	0.34	0.00
<b>Total</b>	<b>2,460.81</b>	<b>2,137.64</b>	<b>2,750.06</b>	<b>2,527.43</b>	<b>4,182.74</b>	<b>4,280.37</b>	<b>4,662.66</b>	<b>4,363.59</b>

- (a) PRIs expended most of the schematic funds towards execution of poverty alleviation schemes. Expenditure incurred under this sector ranged between 40 and 62 *per cent* of total schematic expenditure during 2007-08 to 2010-11;
- (b) in respect of Social Security sector, decreasing trend was noticed in percentage of utilisation of receipts during 2009-10 and 2010-11 in comparison to that during 2008-09;
- (c) backward area development work was started during 2007-08 by utilising Backward Region Grant Fund (BRGF) and PRIs expended ₹ 565.09 crore (62 *per cent* of receipt) against receipt of ₹ 907.56 crore during 2007-11 and
- (d) during 2010-11, utilisation under Health and Family Welfare, Development of Natural Resources, Rural Roads and Education sectors was nil against receipts of ₹ 130.97 crore.

## 1.9 Working of District Planning Committee

Article 243ZD of the Constitution envisaged that every State should constitute a District Planning Committee (DPC) at district level to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare

draft development plan for the district as a whole. The constitution also directed that the DPC should consider matters of common interest including spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environmental conservation and Chairperson of every district should forward the development plan, as recommended by such Committee, to the State Government.

The Districts in the State were requested (August 2011) to furnish detail workings of DPCs during 2010-11. Only three districts viz. South 24 Parganas, Bankura and Dakshin Dinajpur furnished details **while rest districts did not respond despite giving reminder in September 2011**. However, test check of records of three districts revealed the following:

### **1.9.1 Functioning of DPC**

Section 3 of the West Bengal District Planning Committee Act, 1994 provides that the State Government shall constitute a DPC in every district. The DPCs in Bankura and South 24 Parganas were constituted in May 1985 and January 2009 and started functioning from 1985 and February 2009 respectively. DPC in Dakshin Dinajpur has been constituted in October 1995.

### **1.9.2 Constitution of DPC**

The State Government determines the number of members of DPC which shall be equal to the sum total of the number of constituencies of the ZP for that district and one-fourth of that number provided (a) number of constituencies between 48 and 80 will have 60 members in the DPC and (b) if it is more than 80, the number of members will be 100. Eighty *per cent* members of the DPC will be elected by and from the elected members of the ZP and municipalities and 20 *per cent* will be appointed by the State Government.

In South 24 Parganas District having 31 constituencies, out of 53 members in the DPC there were only seven selected members in lieu of prescribed 10 members in the ratio 80:20. In other two districts, prescribed percentage was maintained in respect of number of selected and elected members of the DPC.

### **1.9.3 Meeting of DPC**

In South 24 Parganas District, three DPC meetings were held between April 2010 and July 2011. In Bankura District, five DPC meetings were held and two DPC meetings were held in Dakshin Dinajpur District during that period.

#### **1.9.4 Preparation of Draft Development Plan (DDP)**

In South 24 Parganas, Bankura and Dakshin Dinajpur districts, the DPC integrated the plan prepared by all the three tiers of Panchayats along with the plans prepared by the District Urban Committee and the line departments.

District Plan prepared by DPC was to be sent to the Development & Planning Department, Government of West Bengal for the preparation of State Plan. But it was revealed that preparation of DDP in three districts for 2011-12 was under process as of August 2011.

#### **1.9.5 Assistance of technical experts and their responsibilities**

South 24 Parganas, Bankura and Dakshin Dinajpur districts did not have teams of technical experts to assist DPC members.

#### **1.9.6 Fund sanctioned, released and utilisation**

South 24 Parganas and Dakshin Dinajpur districts had no information regarding fund sanction, release and utilisation against the Development Plan while Bankura District stated that no such amount was sanctioned, released and utilised on the basis of the Annual Plan.

#### **1.9.7 Achievement**

South 24 Parganas District failed to furnish target and achievement of various schemes. Bankura District furnished data related to PRIs, ULBs and other Departments but did not specify whether it was related to the target or the achievement. Dakshin Dinajpur district stated that 85 to 90 *per cent* was achieved against the target. In absence of detailed information on flow of fund, target and achievement, proper functioning of DPC in their district was not ensured.

Thus, out of 18 districts, 15 districts (83 *per cent*) failed to furnish details of working of their DPCs.

#### **1.10 State Finance Commission Grants**

The Third State Finance Commission, constituted in February 2006, recommended allocation of ₹ 800 crore, constituting around 5 *per cent* of the state's own net tax revenue, to PRIs and ULBs in the ratio of 76:24 respectively for the year 2008-09 with the progressive increase of the allocation at the minimum

rate of 12 *per cent* per annum on a cumulative basis for the year 2009-10 to 2012-13. The Government accepted the recommendation in July 2009.

The actual release under SFC to the PRIs during 2009-10 to 2010-11 is shown below:

**Table 1.9**

(₹ in crore)

Year	Tax Revenue of the State Government	Recommended by SFC for PRIs	Actual released under SFC (percentage of release against recommendation)	Utilisation	Percentage of utilisation
2009-10	16,899.98	642.20	236.50 (36.83%)	180.67	76
2010-11	21,128.74	802.89	301.80 (37.59 %)	61.64	20
<b>Total</b>	<b>38,028.72</b>	<b>1,445.09</b>	<b>538.30 (37.25%)</b>	<b>242.31</b>	<b>45</b>

Thus, (i) the State Government released only 37 *per cent* during 2009-10 and 2010-11 of stipulated amount of release as recommended by the SFC; (ii) only 45 *per cent* of actual release could be utilised by the PRIs which was also 17 *per cent* of grants as recommended by the SFC and (iii) utilisation decreased by 56 *per cent* during 2010-11 in comparison to that during 2009-10.

### 1.11 Audit arrangement for PRIs

Section 186 of the West Bengal Panchayat Act, 1973 envisages that accounts of funds of GPs, PSs or ZPs are to be examined and audited by an auditor appointed on that behalf of the State Government at such time and place, to such extent and in such manner as the State Government may prescribe. The Examiner of Local Accounts (ELA), West Bengal was appointed as Auditor to audit of ZPs, PSs and GPs. The audit of ZPs and PSs were entrusted to the ELA vide Government Order no. 21590-Panch/3A-17/78 dated 03.09.1980 and the audit of GPs was entrusted to the ELA vide Government of West Bengal notification no. 1149/PN/O/I/3C-2/2000 (Pt. II) dated 28.03.2003.

### 1.12 Audit Coverage

Audit of ZPs and GPs are conducted every year and audit of PSs are done biennially. Accounts of 17 ZPs, one MP, 166 PSs and 3,197 GPs for the year 2009-10 were audited during 2010-11. Audit of 134 GPs of Darjeeling District could not be conducted due to political disturbances. Audit of accounts of another 20 GPs could not be taken up during 2010-11 due to seizure/ non-availability of records, political disturbances etc. The audit findings are discussed in the succeeding Chapters.

### 1.13 Response to Audit Reports

In terms of Section 191(A) of the West Bengal Panchayat Act, 1973, the report of the ELA on PRIs shall be laid before the State Legislature and in terms of sub-rule 4A of Rule 310 ZG of the Rules of Procedure and Conduct of Business in the West Bengal Legislative Assembly, matters relating to scrutinising the Report of the ELA on PRIs have been entrusted to the Standing Committee on Panchayats and Rural Development, Land & Land Reforms and Sundarban Development, West Bengal Legislative Assembly. Accordingly, Reports of the ELA on PRIs for the years ending 2004, 2005, 2006, 2007, 2008 and 2009 were laid before the State Legislature and the Standing Committee had considered the Reports up to 2008 as of March 2011. Nine recommendations have so far been received in respect of Audit Report 2008.

### 1.14 Pending Audit Observations of Inspection Reports

Section 191 (1) of the Act envisages that within two months from the receipt of the Inspection Report (IR) the GP, the PS or the ZP concerned shall, at a meeting, remedy any defect or irregularity pointed out in the IR and shall also inform the auditor of the action taken by it.

The following table indicates position of IRs and paragraphs pending for settlement, as on 31 March 2011.

**Table 1.10**

(₹ in crore)

Category of PRIs	Accounting years for which IRs are pending for settlement	No. of IRs pending for settlement	No. of paras contained in the IRs awaiting settlement	Money value
ZPs	1994-95 to 2009-10	120	1,006	1,186.08
PSs	1978-79 to 2010-11	1,145	4,885	823.32
GPs	2006-07 to 2009-10	10,069	84,155	NA

An Audit Committee comprising the Principal Secretary/Secretary of the P&RDD, representatives of the Finance Department and the ELA was formed for settlement of the outstanding IRs. Four meetings were held by the Audit Committee during April 2010 to July 2011 where 421 paras were discussed and 192 paras worth ₹ 55.74 crore were settled therein.