

Chapter 1

Introduction

Chapter 1: Overview of Economic Sector

1.1 About this Report

With an aim to integrate audit efforts and present a sector based perspective, restructuring of the Comptroller and Auditor General of India (C&AG)'s audit arrangements in respect of the Government of West Bengal (GoWB) was affected from April 2012. Accordingly, audit of Government offices, special purpose agencies, local bodies, parallel bodies, Public Sector Undertakings etc. were integrated into suitable sectoral audits, such as 'Social', 'Economic', 'General' and 'Revenue'.

Accordingly, this year onwards, Audit Reports covering sector-wise State Government departments are being prepared separately by the C&AG for submission to the Governor as per the provisions of the Constitution of India.

The authority for audit by the C&AG is derived from the Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). C&AG conducts audit of expenditure of the Economic Sector departments of the GoWB under Section 13¹ of the DPC Act. C&AG is the sole auditor in respect of autonomous bodies which are audited under sections 19(2)² and 20(1)³ of the DPC Act. In addition, C&AG also conducts audit, under Section 14⁴ of DPC Act, of other autonomous bodies which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

This Report covers the results of audit of the Government Departments in the Economic Sector including autonomous bodies. Audit findings in respect of "State Public Sector Undertakings" (PSUs) is reported separately through the Audit Report (PSUs) of the State.

1.2 Profile of Economic Sector

A summary of the expenditure incurred during the last five years by the Departments of GoWB falling within the Economic Sector is given in table below:

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts kept in any department of a State.

² Audit of accounts of Corporation (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations.

³ Audit of accounts of any body or authority on the request of the Governor on such terms and conditions as may be agreed upon between the CAG and the Government.

⁴ Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.

Table 1.1: Summary of Expenditure of Economic Sector for the last five years

(₹in crore)						
Sl No.	Name of the Department	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Agriculture	451.23	456.11	712.96	747.95	831.29
2.	Agriculture Marketing	32.39	79.90	53.64	53.88	85.73
3.	Animal Resource Development	356.19	317.67	427.13	483.19	480.71
4.	Commerce and Industries	500.74	404.27	274.55	336.98	377.33
5.	Co-operation	103.05	160.04	215.79	225.25	159.30
6.	Fisheries, Aquaculture, Aquatic Resources and Fishing Harbours	99.94	144.55	209.80	198.44	214.21
7.	Food Processing Industries and Horticulture	28.66	44.69	63.39	82.01	81.38
8.	Forest	183.71	227.88	314.79	359.30	343.23
9.	Hill Affairs	189.79	205.80	288.04	298.48	320.24
10.	Irrigation and Waterways	564.19	621.22	832.85	943.50	932.59
11.	Land and Land Reforms	449.19	494.38	730.29	775.47	785.85
12.	Micro and Small Scale Enterprises	167.81	213.45	251.23	309.64	398.39
13.	Pachimanchal Unnayan Affairs	30.20	51.24	56.57	49.03	140.44
14.	Power and Non-Conventional Energy Sources	1898.49	9994.93	926.20	481.09	712.29
15.	Public Works	1723.66	1923.16	2262.70	2057.11	2303.23
16.	Public Works (Construction Board)					
17.	Public Works (Roads)					
18.	Sunderban Affairs	104.57	120.87	176.97	125.53	154.58
19.	Transport	304.09	648.63	784.94	833.67	791.37
20.	Water Resources Investigation and Development	359.94	423.83	506.39	466.88	447.44
21.	Others	164.19	254.51	349.81	174.57	172.63
	Total	7712.03	16787.13	9438.04	9001.97	9732.23

(Source- Appropriation Accounts of Government of West Bengal for the relevant years)

A list of the departments in Economic Sector, State Public Sector Undertakings (PSUs) under these departments and the Autonomous Bodies for which the C&AG is the sole auditor, is indicated in *Appendix-1.1, 1.2 and 1.3* respectively.

1.3 Finalisation of Separate Audit Report (SARs) of autonomous bodies

The Separate Audit Report (SAR) on the accounts of six autonomous bodies is required to be placed in the State Legislature. The status of laying of SARs in the State Legislature is depicted in the table below:

Table 1.2: Status of laying SARs on the accounts of autonomous bodies in the State Legislature

Sl. No	Name of the Autonomous Body	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Govt.	Reasons for delay in placement in Legislature
1.	Hooghly River Bridge Commissioners	2007-08	2008-09 2009-10 2010-11	12.07.10 18.01.11 28.09.11	Not stated by the Government
2.	Darjeeling Gorkha Hill Council	Not yet laid	1988-89 to 1990-91	11.07.08	Not stated by the Government
3.	West Bengal University of Animal & Fishery Science	1999-2000	2000-01 to 2003-04	08.05.08	Not stated by the Government
4.	East Kolkata Wetland Management Authority	Not yet laid	2006-07 to 2008-09	14.09.11	Not stated by the Government
5.	West Bengal Bio-Diversity Board	2004-05 to 2007-08	2008-09 to 2009-10	15.11.11	Not stated by the Government
6.	West Bengal Veterinary Council	Audit not yet entrusted			

It may be seen from above that there was abnormal delay in placing the SAR in the State Legislature. Further, the accounts of five autonomous bodies were also in arrear. The Government may ensure expedite finalisation of accounts of these autonomous bodies as well as placement of SARs in State Legislature.

1.4 Response of the Departments to the Audit Findings

1.4.1 Submission of Explanatory Notes

Audit Reports of the C&AG represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, essential that the Executive takes necessary measures for rectification and furnishes appropriate and timely response on the audit findings included in the Audit Report. After tabling of the reports of the C&AG of India in the State

Legislature, the State Government Departments are required to submit *suo motu* replies to the audit observations relevant to them within one month.

Though the Audit Reports for the year 1981-82 to 2010-11 were presented to the State Legislature between September 1983 and September 2012, 72 explanatory notes are yet to be received from 17 departments under Economic Sector. Status of the pending explanatory notes as on 31 December, 2012 is given in *Appendix-1.4*.

1.4.2 Pending Action Taken Notes

Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) are required to be furnished within six months from the date of presentation of the PAC Report to the State Legislature. ATNs on 17 recommendations of the PAC presented to the State Legislature had not been received as of September 2012, as summarised in the table below:

Table 1.3: Position of pending Action Taken Notes (ATNs)

Name of the Department	No. of pending ATNs
Agriculture	01
Commerce and Industries	01
Co-operation	01
Fisheries, Aqua-culture, Aquatic Resources and Fishing Harbours	01
Irrigation and Waterways	02
Public Works	06
Public Works (Roads)	04
Transport	01
Total	17

1.4.3 Outstanding Replies to Inspection Reports

Audit observations noticed during audit inspection and not settled on the spot are communicated to the Heads of offices and next higher authorities of the departments concerned through Inspection Reports (IRs). The Heads of offices and the next higher authorities are required to respond to the observations contained in the IRs and take appropriate corrective action. The audit observations communicated in the IRs are also discussed in the Audit Committee Meetings between the officers of the departments and the office of the Accountant General.

As of 31 December 2012, 659 IRs pertaining to six departments containing 1519 paragraphs were pending settlement. The department wise details are given in the table below:

Table-1.4: Department-wise break-up of outstanding Inspection Reports and Paragraphs

Name of the Department	Number of IRs/Paragraphs pending as of 31 December 2012	
	IRs	Paragraphs
Agriculture	137	436
Fisheries, Aqua-culture, Aquatic Resources and Fishing Harbours	47	104
Irrigation and Waterways	191	403
Public Works (Construction Board)	31	68
Public Works (Roads)	159	285
Water Resources Investigation and Development	94	223
Total	659	1519

Audit recommends that:

- *The Government should ensure that a procedure is put in place for action against officials who fail to send replies to Inspection Reports/Draft Paragraphs/Reviews and ATNs on the recommendations of PAC as per the prescribed time schedule.*
- *System of responding to audit observations should be revamped, to ensure strict compliance within the specified time limit.*
- *The Government may ensure expedite finalisation of accounts of ABs as well as placement of SARs in State Legislature.*