

Chapter 1

Introduction

Chapter 1: Overview of Economic Sector

1.1 Introduction

West Bengal with a population of 9.13 crore and geographical area of 88752 sq.km has the highest population density. For the purpose of Administration there are 60 departments at the Secretariat level headed by Principal Secretaries/Secretaries who are assisted by Directors/Commissioners and Sub-ordinate officers under them.

Government functioning is broadly classified as General Services, Social Services and Economic Services. This report covers the functioning of 26 Departments of Economic Sector listed in *Appendix-1.1*.

Of the total expenditure of ₹ 13267.43 crore incurred by these departments, a major portion was incurred by Public Works (27.69 per cent), Power and Non-conventional Energy Sources (15.66 per cent) and Irrigation and Waterways (8.42 per cent) departments during 2012-13.

1.2 Trend of Expenditure

Comparative position of expenditure incurred by the departments during the year 2012-13 along with preceding two years is given in Table 1.1.

Table-1.1: Table showing the trend of expenditure for three years
(₹ in crore)

Sl No.	Name of the department	2010-11	2011-12	2012-13
1.	Agriculture	747.95	831.29	859.49
2.	Agriculture Marketing	53.88	85.73	73.03
3.	Animal Resource Development	483.19	480.71	550.69
4.	Commerce and Industries	336.98	377.33	446.25
5.	Co-operation	225.25	159.30	244.14
6.	Fisheries, Aqua-culture, Aquatic Resources and Fishing Harbours	198.44	214.21	187.56
7.	Food Processing Industries and Horticulture	82.01	81.38	110.24
8.	Forest	359.30	343.23	364.09
9.	Hill Affairs	298.48	320.24	548.73
10.	Irrigation and Waterways	943.50	932.59	1117.37
11.	Land and Land Reforms	775.47	785.85	796.78
12.	Micro and Small Scale Enterprises	309.64	398.39	434.46
13.	Pachimanchal Unnayan Affairs	49.03	140.44	131.41
14.	Power and Non-Conventional Energy Sources	481.09	712.29	2077.40
15.	Public Works	2057.11	2303.23	3673.35
16.	Sundarban Affairs	125.53	154.58	216.80
17.	Transport	833.67	791.37	671.15
18.	Water Resources Investigation and Development	466.88	447.44	522.84
19.	Others (Eight departments)	174.57	172.63	241.65
	Total	9001.97	9732.23	13267.43

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

1.3 About this Report

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Compliance Audit of 26 Government Departments and 17 Autonomous Bodies under the Economic Sector (*Appendix-1.2*). Compliance Audit covers examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

1.4 Authority for Audit

The Authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. CAG conducts audit of expenditure of the Departments of Government of West Bengal under Section 13¹ of the CAG's (DPC) Act. CAG is the sole Auditor in respect of Autonomous Bodies which are audited under Sections 19 (2)², 19(3)³ and 20(1)⁴ of the CAG's (DPC) Act. In addition, CAG also conducts Audit of other Autonomous Bodies, under Section 14⁵ of CAG's (DPC) Act, 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 CAG.

1.5 Planning and Conduct of Audit

The primary purpose of this Report is to bring to the notice of the State Legislature, important results of Audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of Audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved Financial Management of the Organisations, thus contributing to better governance.

Audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous Audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of Audit are decided.

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 and loss accounts, balance sheets and other subsidiary accounts.

² Audit of accounts of corporation (not being companies) established by or under law made by Parliament in accordance with the provisions of the respective legislations.

³ Audit of the accounts of Corporations (not being companies) established by or under law made by the State Legislature at the request of the Governor.

⁴ 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.

⁵ Audit of (i) all 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.

After completion of Audit, Inspection Reports containing Audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the Audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, Audit findings are either settled or further action for compliance is advised. Important Audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports which are submitted to the Governor of the State under Article 151 of the Constitution of India. During 2012-13, audit of 180 units of various Departments/Organisations under Economic Sector were audited and 177 Inspection Reports containing 551 Paragraphs were issued.

1.6 Response to Audit

1.6.1 Draft Paragraphs and Performance Audit

Seven Draft Paragraphs and one Performance Audit report on Working of Forest department were forwarded demi officially to the Principal Secretaries/Secretaries of the departments concerned between May and September 2013 with the request to send their responses. Departmental replies for only four out of seven Draft Paragraphs issued during the year 2012-13 have been received. The replies have been incorporated in the Audit Report wherever applicable. In respect of Working of the Forest department, an Exit Conference was held with representatives of the Government in November 2013 and views expressed in the conference have been included in the Report.

1.6.2 Follow-up on Audit Reports

With a view to ensuring accountability of the executive in respect of the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) directed that the department concerned should furnish remedial Action Taken Notes (ATN) on the recommendations of PAC relating to the paragraphs contained in the Audit Reports within the prescribed time frame. Audit reviewed the outstanding ATNs as of 31 December 2013 on the paragraphs included in the Report of the Comptroller and Auditor General of India, Economic Sector, Government of West Bengal and found that the departments did not submit ATNs for 19 recommendations pertaining to the audit paragraphs discussed by PAC.

1.6.3 Outstanding Replies to Inspection Reports

The Accountant General (E&RSA), West Bengal (AG) arranges to conduct periodical inspections of the Government departments to test check transactions and verify maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher Authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through replies. Serious financial irregularities are reported to the heads of the Departments and the Government.

Inspection Reports issued upto 31 December 2013 were reviewed and it was found that 1745 paragraphs relating to 631 IRs remained outstanding at the end of December 2013 (*Appendix- 1.3*).

This large pendency of IRs, due to non-receipt of replies, was indicative of the fact that heads of offices and heads of Departments did not initiate appropriate and adequate action to rectify the defects, omissions and irregularities pointed out by audit in the IRs.

1.7 Significant Audit Observations

Performance Audit on the ‘Working of the Forest Department, Government of West Bengal’ was conducted during this year. Significant audit observations are given below:

The recorded forest area of West Bengal (WB) is 11879 sq. km which is 13 per cent of total geographical area (88752 sq. km) of State. The forest area comprises 7054 sq. km reserved forest (59 per cent), 3772 sq. km protected forest (32 per cent) and 1053 sq. km unclassed forest (nine per cent). The State is rich in bio-diversity.

With a view to examine the overall working of the department, audit was carried out between March 2013 and July 2013. Main findings of audit are summarised below:

- Department did not frame State Forest Policy and State level eco-tourism strategy to ensure environmental stability and maintenance of ecological balance.
- There were persistent savings during 2008-09 to 2012-13 under capital head. Department did not prepare budget taking inputs from lower formation and budget estimate for each year was prepared by adding a percentage over previous year’s revised estimates.
- Department did not have any database for forest land. Record of Rights of forest land was not collected from Land & Land Reforms department and reconciled with the records of department.
- Department did not comply with the provisions of the Forest (Conservation) Act, 1980 and thereby could not realise ₹ 101.42 crore against diversion of the forest land.
- Survival rate of plantation in State was much below the norms which resulted in unfruitful expenditure of ₹ 5.96 crore on failed plantation on 2981.58 ha of forest land.
- Despite presence of 4281 Forest Protection Committees (FPCs) to protect the forest, 40287 cases of illicit felling of trees were reported and timber worth ₹ 27.29 crore was seized in raids during 2008-09 to 2012-13.
- Ministry of Environment and Forest did not release ₹ 6.21 crore under Centrally Sponsored Scheme-Project Tiger against the sanctioned central

share of ₹ 22.11 crore during 2008-13 due to department's inability to spend the amount released as well as non-submission of utilisation certificates.

- Department neither reviewed nor notified elephant corridors in disregard to suggestions of MoEF. Death toll of elephants due to frequent train accidents remained unabated as the existing arrangements to combat the problem were not effective.
- In spite of large number of offence cases, department did not take effective steps to enhance patrolling infrastructure.
- Annual inspections of the division offices were not conducted regularly by the Conservators of Forests. Departmental manual was not revised for last 50 years.

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- Department extended financial assistance as revival package to urban co-operative banks without providing necessary administrative and professional support, resulting in unfruitful expenditure of ₹ 35.54 crore.

(Paragraph 3.1)

- Objective of setting up a model facility for management of municipal solid wastes was defeated as the facility was completely ruined within one month of commissioning due to lack of monitoring by West Bengal Pollution Control Board, rendering the entire expenditure of ₹ 4.30 crore wasteful.

(Paragraph 3.2)

- Objective of setting up of a fishing harbour, additional jetty and food park constructed at a cost of ₹ 39.81 crore remained underachieved as the department did not ensure navigability of the approach channel through adequate dredging. Besides, ₹ 23.67 lakh remained outstanding from allottees of packaging rooms.

(Paragraph 3.3)

- Broiler chicken rearing scheme introduced by Paschimanchal Unnayan Affairs department failed due to infrastructure bottlenecks and non-provision of penal clause against non-supply of chicks by the private agency. Consequently, the expenditure of ₹ 8.72 crore on construction of 448 sheds remained unfruitful

(Paragraph 3.5)