

## Executive Summary

### The Report

Based on the audited accounts of the Government of West Bengal for the year 2015-16, this report provides an analytical review of the annual accounts of the State Government. The financial performance of the State has been assessed, based on the budget documents, Economic Review 2015-16, Fourteenth Finance Commission Report and other financial data obtained from various Government departments and organisations. 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 2016. It, *inter-alia*, provides an insight into the public finances of the State including trends in receipts, expenditure and borrowing by the State Government.

**Chapter 2** is based on Appropriation Accounts and describes appropriations and the manner in which the allocated resources were managed by the various departments.

**Chapter 3** is an inventory of the Government's compliance with various reporting requirements and financial rules.

The report also has appendices containing additional data collated from several sources in support of the findings.

### Audit findings

#### Finances of the State Government

**Fiscal position of the State:** Revenue Receipts of the Government grew at a rate of 26.84 *per cent* over the previous year, while the corresponding growth of Revenue Expenditure was 14.64 *per cent*. During the year, Revenue Receipts were ₹ 109732 crore against Revenue Expenditure of ₹ 118827 crore, resulting in a Revenue Deficit of ₹ 9095 crore. The Revenue Deficit was 0.87 *per cent* of GSDP against the 14<sup>th</sup> FC target of zero. The Fiscal Deficit during 2015-16 stood at ₹ 20891 crore which was 2.01 *per cent* of GSDP against the MTFP target of 2.68 *per cent*. The Fiscal Deficit to GSDP was understated by 0.21 *per cent* due to short contribution to Consolidated Sinking Fund (₹ 1088 crore), short transfer of SDRF (₹ 460 crore) by GoWB and incorrect accounting of disinvestment proceeds (₹ 653 crore) of West Bengal Industrial Development Corporation Limited as State's own Capital Receipts.

**Prioritisation of Capital Expenditure:** Capital Expenditure as well as expenditure under economic sector is the major indicator of development activity. In both the cases, not only was the actual expenditure below budget estimate, Capital Expenditure was low at 9.40 *per cent* of total expenditure during 2015-16. This was indicative of failure on the part of the State in utilising its high cost borrowed funds to create capital assets for accelerating development, as most of these funds were utilised to meet the Revenue Deficit.

**Review of Government investment:** The Government is getting negligible return from its investments in irrigation works. Return on investment in statutory corporations, rural banks, etc. also depicted a grim picture and was less than one *per cent*.

### **Financial management and budgetary control**

Against a total budget provision ₹ 192449 crore during 2015-16, expenditure of ₹ 155937 crore was incurred. This resulted in overall saving of ₹ 36512 crore. Expenditure of ₹ 5503 crore was incurred in 153 cases without any provision in the original estimates/supplementary demands. There were instances of inadequate provision of funds, unnecessary/excessive re-appropriations and rush of expenditure at the end of the year. In some cases, the anticipated savings were not surrendered leaving no scope for utilising these funds for other developmental purposes. In violation of the provisions of Budget Manual and West Bengal Financial Rules, the Controlling Officers of test checked departments did not monitor the progress of expenditure.

### **Financial Reporting**

Delays were observed in submission of annual accounts of autonomous bodies/ authorities as also in the placement of Separate Audit Reports of some of the bodies in the Legislative Assembly. There were also delays in finalising the *pro forma* accounts of departmentally managed commercial undertakings, indicating laxity in the accountability mechanism in respect of public funds invested in those undertakings.

Accumulation of unadjusted Abstract Contingent bills and parking of developmental funds in Personal Deposit (PD) Accounts were major areas of concern, as amounts were drawn from treasury or transferred out of the Consolidated Fund of the State without proper checks.