



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
State Finances Audit Report
for the year ended March 2021**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



**Government of West Bengal
Report No. 1 of 2022**

**Report of the
Comptroller and Auditor General of India**

**State Finances Audit Report
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Preface

This Report has been prepared for submission to the Governor of West Bengal under Article 151 of the Constitution.

Chapter I of this Report contains the basis and approach to the State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/ deficit, etc. and fiscal correction path.

Chapters II and III of the Report contain Audit findings on matters arising from an examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2021. Information has been obtained from Government of West Bengal, wherever necessary.

Chapter IV on ‘Quality of Accounts and Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during the current year.

Chapter V of this Report presents ‘Functioning of State Public Sector Enterprises’. This chapter presents the financial performance of ‘Government Companies’, ‘Statutory Corporations’ and ‘Government controlled other Companies’.

The Reports containing the findings of Performance Audit and Compliance Audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

Executive Summary

Based on the audited accounts of the Government of West Bengal for the year ended March 2021, this Report provides an analytical review of the finances of the State Government.

1. Audit Findings

1.1 Fiscal Position

Government of West Bengal amended the FRBM Act with regard to the targets for the six-year period 2019-20 to 2024-25 prospectively, during March 2020 followed by February 2021.

The fiscal parameters of the State as reflected in its Revenue and Fiscal deficits, were negative throughout the five-year period 2016-21. The State also had Primary Deficits during 2017-21. There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have further increased the Deficits, as brought out in this Report, as well as in the State Finances Audit Report of the CAG over the last few years.

Outstanding liabilities were also above the targets during 2016-18 and 2019-21. The liabilities of the State have been increasing year-on-year and over 58.84 *per cent* of market borrowings during the year 2020-21 were utilised to balance Revenue Account of the State thereby restricting asset creation in the State.

(Chapter I)

1.2 Finances of the State

The State witnessed an increase of 3.83 *per cent* in Revenue Receipts during the year 2020-21 as compared to the previous year, primarily due to increase in Grants-in-Aid from the Government of India.

Revenue Expenditure increased by 9.44 *per cent* owing to introduction of West Bengal Services (Revision of Pay and Allowance) Rules, 2019 with effect from 1 January 2020. This resulted in increase of Revenue Deficit of the State by 50.18 *per cent* as compared to the previous year. Simultaneously, State Government has reduced the expenditure on asset creation by 18.39 *per cent* over the previous year.

Committed expenditure on Salaries & Wages, Interest Payments and Expenditure on Pension with respect to Revenue Receipts was 75.36 *per cent*, a significant increase over previous year (68.36 *per cent*).

Outstanding Public Debt at the end of the year has increased by 12.92 *per cent*. In the ensuing three, five and seven years, debt maturity will be 15.49, 26.60 and 41.42 *per cent* respectively of total outstanding public debt (₹ 4,24,247 crore).

(Chapter II)

1.3 Budgetary Management

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of excess expenditure (₹ 5,604 crore) in 15 grants or large savings (₹ 62,765 crore) with reference to provisions made during the year. None of the Controlling Officers explained the reasons for variations in expenditure *vis-à-vis* allocations, to the Principal Accountant General (A&E), which affects the accountability mechanism of Government and weakens legislative control over public finances.

In seven cases (where supplementary provision was ₹ 100 crore or more in each case) actual expenditure was less than the original provisions and hence the supplementary provisions were unnecessary.

During 2020-21, there was re-appropriation amounting to ₹ 1,211 crore in respect of 1,207 sub-heads constituting 48 grants. However, despite reappropriation, there was savings of ₹ 2,972 crore in respect of 706 sub-heads and excess of ₹ 1,159 crore in respect of 110 sub-heads.

Persistent excess expenditure over grants approved by the State Legislature is violative of the will of the Legislature and needs to be viewed seriously. There has been a persistent excess over authorisation during the last five years on account of 'Special Programme under NRHM (State share)'. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior legislative sanction is obtained for anticipated requirement of additional funds. Despite flagging this issue every year over the last five years, the State Government had failed to take corrective measures in this regard.

(Chapter III)

1.4 Quality of Accounts and Financial Reporting practices

Indiscriminate operation of omnibus Minor Head 800-Other Expenditure/ Receipts affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure. West Bengal Treasury Rule 6.09 provides that 'Personal Deposit Account created by debit to the Consolidated Fund of the State shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State'. It was, however, noticed that there was a balance of ₹ 3,465 crore in 160 PD Accounts as on 31 March 2021. During 2020-21, an amount of ₹ 369 crore was transferred in March 2021 from the Consolidated Fund of the State. This is 28.42 *per cent* of the total yearly inflow into the PD accounts, of which, ₹ 25.17 crore was transferred on the last working day of March 2021. This was intended to avoid the lapse of budget provisions.

In respect of 65 Autonomous Bodies (ABs) which were to render annual accounts to CAG, two District Legal Services Authorities (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2021, 288 annual accounts of ABs due upto 2020-21 remained pending. Non-submission of accounts by Autonomous Bodies is in violation of prescribed financial rules and directives and points to inadequate internal controls and deficient monitoring mechanism of the State Government departments.

Rule 4.138(5) of WBTR requires that advances drawn through AC bills are to be adjusted through Detailed Contingent bills (DC bills) within one month from the date of completion of the purpose. Audit scrutiny revealed that as of March 2021, a total of 11,321 DC bills in respect of AC bills aggregating ₹ 3,400 crore had not been submitted.

Rule 330A of the West Bengal Treasury Rules (WBTR) and Subsidiary Rules (SR) 1997 read with Finance Department's order (August 2005) stipulates that Utilisation Certificates (UCs) in respect of Grants-in-aid received by the grantee should be obtained by the departmental officers from the grantees within one year from the dates of release of the grants provided for specific purposes. Audit scrutiny revealed that as of March 2021, a total of 3,94,162 UCs in respect of grants aggregating ₹ 2,29,099 crore had not been submitted.

(Chapter IV)

1.5 Functioning of State Public Sector Enterprises

As on 31 March 2021, there were 85 State Public Sector Enterprises (SPSEs) in West Bengal which comprised of 66 working SPSEs (including eight Statutory Corporations) and 19 non-working SPSEs (including one Statutory Corporation). During 2020-21, the working SPSEs registered a turnover of ₹ 54,522 crore which was equal to 4.19 *per cent* of Gross State Domestic Product (GSDP). The return on equity (ROE) of the working SPSEs stood at 4.56 *per cent*.

Government of West Bengal has 99 *per cent* equity holding of ₹ 16,857 crore in 85 SPSEs and had given loans of ₹ 6,526 crore (21.25 *per cent* of total borrowings of ₹ 30,715 crore) as on 31 March 2021. Major portion of Equity investment of GoWB was in Power Sector - ₹ 12,866 crore.

Out of 66 working SPSEs, 33 SPSEs earned profit of ₹ 1,752 crore and 33 SPSEs incurred loss of ₹ 1,061 crore. The total accumulated loss of 41 out of 85 SPSEs was ₹ 17,130 crore which exceeded their paid-up capital of ₹ 2,407 crore. During 2020-21, State Government provided financial support of ₹ 1,960 crore to SPSEs towards equity, loans and grants/ subsidies.

Out of 85 SPSEs, only 25 SPSEs prepared Accounts for 2020-21 as of November 2021. The accounts of 46 SPSEs were in arrears for periods ranging from one to five years.

(Chapter V)

CHAPTER I

OVERVIEW

Chapter I Overview

1.1 Profile of the State

West Bengal is located in the eastern region of India along the Bay of Bengal. It includes the Darjeeling Himalayan hill region, the Ganges delta, the Rarh region¹ and the coastal Sundarbans. The State is spread over a geographical area of 88,752 sq.km (2.70 *per cent* of the country's total geographical area) and is home to around 9.17 crore (7.52 *per cent* of the population of the country) as per Census 2011. It is the fourth-most populous State and the fourteenth largest by area in India. The State has 23 districts and one autonomous region (Gorkhaland Territorial Administration). The per capita GSDP of the State is ₹ 1,32,212. A profile of the State with demographics and other details is given in *Appendix 1.1*.

1.2 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of the economy. Economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

Trends in annual growth of West Bengal's GSDP (nominal) *vis-à-vis* that of the country for the period from 2016-17 to 2020-21 are given in **Table 1.1**.

Table 1.1: Trends in GSDP compared to the national GDP

(₹ in crore)

Year	2016-17	2017-18	2018-19	2019-20	2020-21
National GDP (2011-12 Series)	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate of GDP over previous year (in <i>per cent</i>)	11.76	11.03	10.51	7.75	(-)2.97
State's GSDP (2011-12 Series)	8,72,527	9,74,700	11,02,283	12,07,823	13,01,017

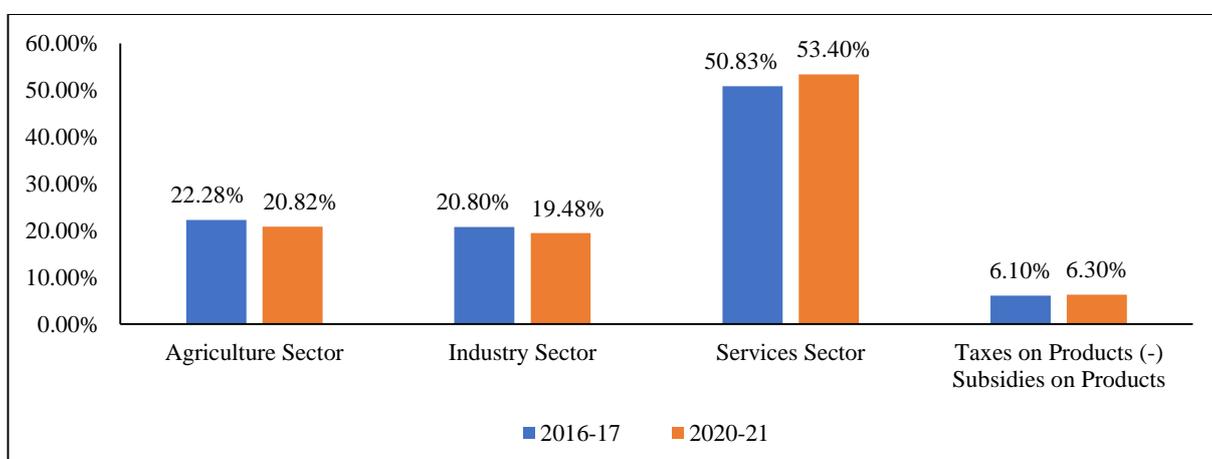
¹ Rarh Bengal, is a region in Eastern India that lies between the Chhota Nagpur Plateau on the west and the Ganges Delta on the east. Districts of West Bengal like Purulia, Bankura, Birbhum and Burdwan lie in this region.

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Growth rate of GSDP over previous year (in per cent)	9.44	11.71	13.09	9.57	7.72

Source: Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

GSDP of West Bengal grew at a faster rate than the National GDP during 2017-21. In the current year, growth of State's GSDP exceeded the national GDP by 10.69 per cent. **Chart 1.1** captures the sectoral contribution of GSDP during 2020-21 vis-à-vis 2016-17.

Chart 1.1: Change in sectoral contribution to GSDP (2016-17 and 2020-21)



Source: Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

Services Sector, which contributed more than half of the GSDP of the State, had increased its relative share by 2.57 per cent during 2020-21 over 2016-17. Relative share of Agriculture and Industry sectors contracted by 1.46 and 1.32 per cent respectively during 2020-21 over 2016-17. **Table 1.2** captures the year-wise increase in GSDP and its contributing sectors during 2016-17 to 2020-21.

Table 1.2: Year-wise increase in GSDP and its contributing sectors (2016-21)

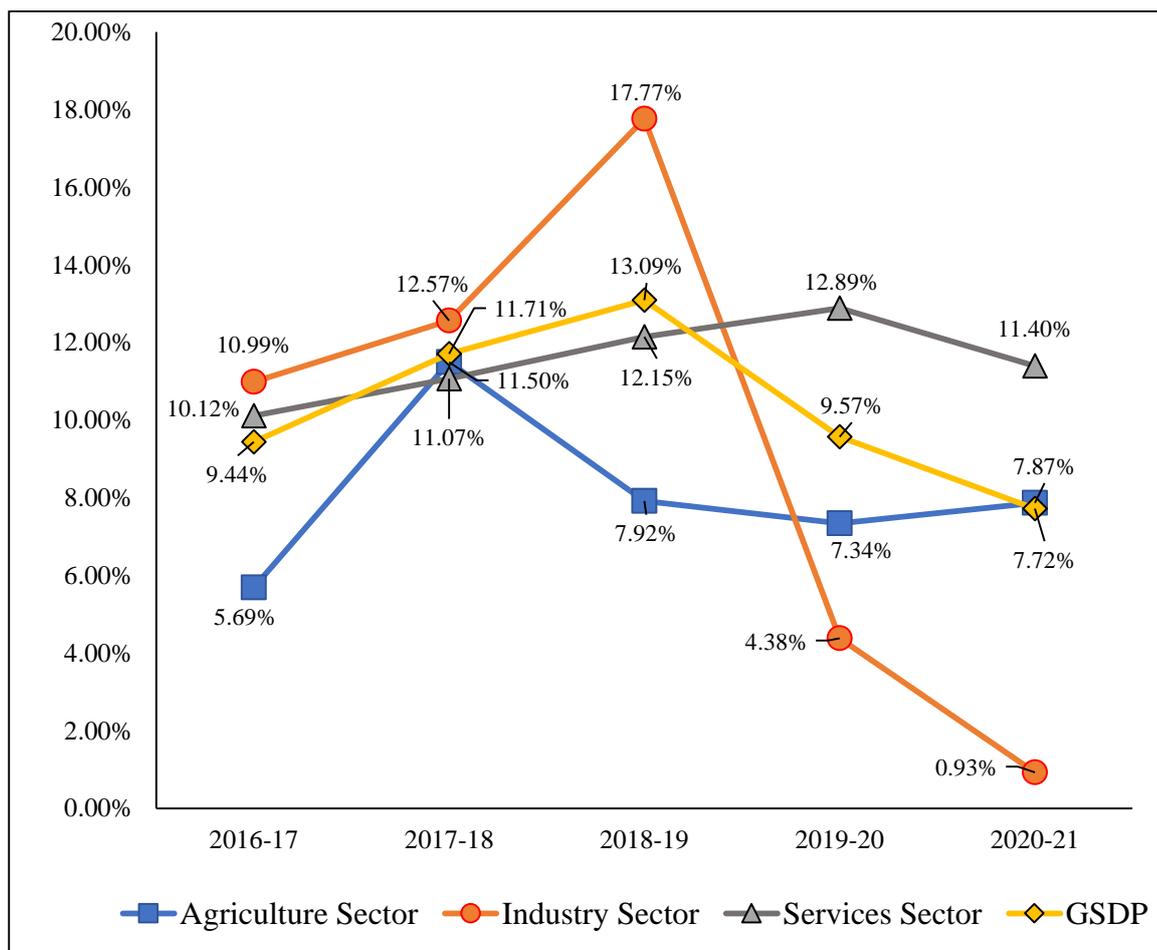
Year	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
GSDP	75,227	1,02,173	1,27,583	1,05,540	93,194
Agriculture Sector	10,459	22,354	17,166	17,168	19,769
Industry Sector	17,969	22,808	36,296	10,542	2,336
Services Sector	40,748	49,106	59,841	71,210	71,089

Source: Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

The contribution of Industry sector in overall increase in growth of GSDP has declined from 28.45 in 2018-19 to 9.99 in 2019-20 and further to 2.51 per cent in 2020-21. During the same period, the contribution of Agriculture sector increased from 13.45 to 16.27 and then to 21.21 per cent. Contribution of Services sector also increased from 46.90 to 67.47 and then to 76.28 per cent in the same period.

Chart 1.2 captures the sectoral rate of growth for the period from 2016-17 to 2020-21.

Chart 1.2: Sectoral rate of growth



Source: Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

The rate of growth of Agriculture sector declined from 2018-19 onwards after a considerable increase in rate by 5.81 per cent during 2017-18. In the current year, rate of growth increased marginally by 0.53 per cent compared to decrease in rate of growth by (-) 0.58 per cent during the previous year.

Industry sector, after a steady increase in growth rate during 2016-19 started declining from 2019-20 onwards. During last two years, decline in growth rate in this sector was 13.39 and 3.45 per cent respectively. In this connection, Medium Term Fiscal Policy Statement (MTFPS) and the Fiscal Policy Strategy Statement (FPSS) presented with the budget for the year 2021-22 was

consulted. It was observed that the growth rates of IIP² at base 2011-12 relating to Manufacturing and General Sectors had declined to 5.8 and 2.4 respectively in 2019-20 from 6.5 and 7.2 in 2018-19. This apart, COVID-19 pandemic had also been mentioned in the budget statement as the reason for decline in the growth of 2020-21. Such steep decline in the growth rate of this sector affects the overall economic development of the State and is a matter of concern.

Services Sector maintained steady upside rate of growth during 2016-20 and more than half of State's GSDP was largely driven by this sector. In the current year, rate of growth of this sector reduced by 1.49 *per cent* over the previous year.

1.3 Basis and Approach to State Finances Audit Report

In terms of Article 151(2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151(2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit-I), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit-I);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Information and data provided by Offices of the Principal Accountant General (Accounts & Entitlement) and the Principal Accountant General (Audit-II), West Bengal.

The analysis is also carried out in the context of recommendations of the XIV and XV Finance Commissions (FCs), State Financial Responsibility and Budget Management Act and best practices and guidelines of the Government of India.

² Index of Industrial Production

1.4 Report Structure

The SFAR is structured into the following five Chapters:

Chapter - I	Overview This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficit/surplus.
Chapter - II	Finances of the State This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter - V	Functioning of State Public Sector Enterprises (SPSEs) This Chapter presents the financial performance of 'Government Companies', 'Statutory Corporations' and 'Government controlled Other Companies'.

1.5 Overview of Government Account Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

Part - I: Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except

in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

Part-II: Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

Part- III: Public Accounts of the State (Article 266(2) of the Constitution)

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Annual Financial Statement: There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consist of tax revenue, non-tax revenue, share of Union Taxes/ Duties, and grants from Government of India.

Revenue Expenditure consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

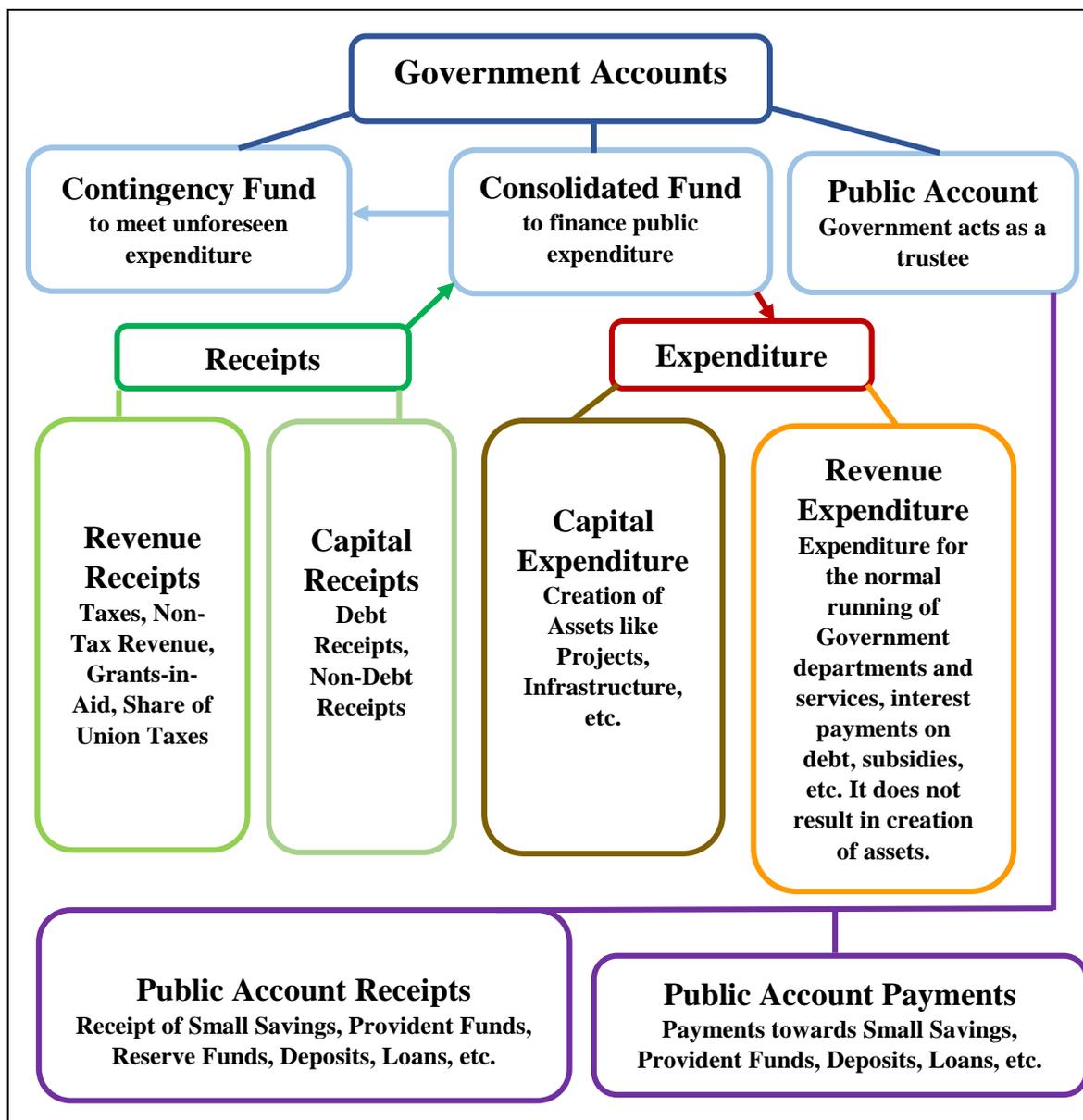
The **Capital Receipts** consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-Debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances.

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

A pictorial depiction of the structure of Government Accounts is given in **Chart 1.3**.

Chart 1.3: Pictorial depiction of the structure of Government Accounts



Fund based accounting coupled with functional and economic classification of transactions facilitates an in-depth analysis of Government activities/ transactions and enables Legislative oversight over public finances.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an **Annual Financial Statement**. In terms of Article 203, the statement is submitted to the State

Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter III** of this Report.

1.6 Snapshot of Finances

The following table provides the details of actual financial results *vis-à-vis* Budget Estimates for the year 2020-21 and actuals of 2019-20.

Table 1.3: Actual *vis-à-vis* Budget Estimates

Sl. No.	Components	2019-20 (Actuals)	2020-21 (Budget Estimate)	2020-21 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		₹ in crore				
1	Tax Revenue	60,669	70,807	60,287	85.14	4.63
2	Non-Tax Revenue	3,213	4,266	5,198	121.85	0.40
3	Share of Union taxes/duties	48,048	65,835	44,737	67.95	3.44
4	Grants-in-aid and Contributions	30,984	38,490	38,172	99.17	2.93
5	Revenue Receipts (1+2+3+4) (a)	1,42,914	1,79,398	1,48,394	82.72	11.41
6	Recovery of Loans and Advances	67	507	150	29.59	0.01
7	Miscellaneous Capital Receipts	0	0	0	--	0.00
8	Non-Debt Receipts (5+6+7)	1,42,981	1,79,905	1,48,544	82.57	11.42
9	Borrowings and other Liabilities (b)	36,832	43,045	44,688	103.82	3.43
10	Revenue Expenditure	1,62,575	1,79,398	1,77,921	99.18	13.68
11	Interest Payments	31,668	32,758	33,782	103.13	2.60
12	Capital Outlay	15,971	31,038	13,034	41.99	1.00
13	Loan and advances	1,266	943	2,277	241.46	0.18
14	Capital Expenditure (c) (12+13)	17,237	31,981	15,311	47.88	1.18
15	Total Expenditure (10+14)	1,79,812	2,11,379	1,93,232	91.41	14.85
16	Revenue Deficit (10-5)	19,661	0	29,527	--	2.27
17	Fiscal Deficit (15-8)	36,831	31,474	44,688	141.98	3.43
18	Primary Deficit (17-11)	5,163	(-),1,284	10,906	(-),849.38	0.84

Source: Finance Accounts

(a) Includes State's share of Union Taxes;

(b) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance; and

(c) Expenditure on Capital Account includes Capital Outlay and Loans and Advances disbursed.

Actual revenue receipts was higher than the previous year's receipts by ₹ 5,480 crore. This was primarily due to increased share of Grants-in-aid and Contributions from Central Government than the previous year in the case of Finance Commission Grants (by ₹ 6,325 crore), National Disaster Response Fund (by ₹ 1,292 crore) and higher collection in State's Non-tax revenue (by ₹ 1,985 crore). This was partly *offset* by lower receipts from the share of Union taxes and duties (by ₹ 3,311 crore) over the previous year. The revenue gap further widened as State's own tax Revenue collection fell short over the previous year by ₹ 382 crore. Shortfall in collections from State Goods & Service Taxes and State Excise with respect to previous year by ₹ 1,295 crore and ₹ 566 crore respectively decreased tax revenue collection.

Revenue Expenditure fell short of the BEs by a modest one *per cent* but exceeded the expenditure of 2019-20 by 9.44 *per cent* owing to introduction of the West Bengal Services (Revision of Pay and Allowance) Rules, 2019 with effect from 1 January 2020.

The State has to borrow more funds (12.78 *per cent* increase) in 2020-21 than the previous year to meet its revenue expenditure. **Table 1.4** indicates the trend of receipts and expenditure on Revenue and Capital account during 2016-21.

Table 1.4: Trend of Receipts and Expenditure during 2016-21

Year	Revenue		Percent of Revenue expenditure to Revenue receipts	Capital		Percent of Capital expenditure to Capital receipts
	Receipts	Expenditure		Receipts	Expenditure	
	(₹ in crore)			(₹ in crore)		
2016-17	1,17,832	1,33,918	113.65	40,757	12,533	30.75
2017-18	1,31,270	1,41,077	107.47	45,957	19,337	42.08
2018-19	1,45,975	1,56,374	107.12	71,693	24,582	34.29
2019-20	1,42,914	1,62,575	113.76	75,766	17,237	22.75
2020-21	1,48,394	1,77,921	119.90	75,579	15,311	20.26

Source: Finance Accounts

- For every ₹ 100 of revenue receipt, an extra ₹ 7.12 to ₹ 19.90 had to be borrowed to cover its revenue expenditure.
- While capital expenditure has been reducing, revenue expenditure has been increasing at a much faster rate.
- For every ₹ 100 of capital receipt, Capital Expenditure fell from ₹ 42.08 in 2017-18 to ₹ 20.26 in 2020-21.

Capital Expenditure³ fell short of the BEs and previous year's expenditure by 52.12 and 11.17 *per cent* respectively. This was mainly on account of significant curtailment in capital outlay on Roads & Bridges, Power Projects and Social Security & Welfare.

Significant shortfall in actual revenue receipts rather than decrease in actual revenue expenditure with respect to BEs, resulted in larger than anticipated

³ Combination of Capital outlay (Appropriations spent for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of government, including investments in the capital stock of government-owned or controlled corporations and their subsidiaries) and Loans and Advances given by the State Government

revenue deficit. This, combined with higher shortfall in recoveries of loans and advances compared with the disbursement, resulted in higher than anticipated fiscal deficit.

Audit analysis of the possible reasons for this situation revealed that even though there were clear trends of shortfall in tax revenues, recovery from loans and advances and capital expenditure at the end of the preceding two financial years, these were not factored in while calculating the Budget Estimates (BEs) for the current year.

GST Compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 5,293.87 crore as revenue receipts, due to inadequate balance in GST compensation fund during the year 2020-21, West Bengal also received back-to-back loan of ₹ 4,431 crore under debt receipts of the State Government, with no repayment liability for the State. Due to this arrangement, the revenue deficit of ₹ 29,527 crore and fiscal deficit of ₹ 44,688 crore during the year 2020-21 may be read in conjunction with debt receipt of ₹ 4,431 crore in lieu of GST compensation.

1.7 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Table 1.5 provides the details of assets and liabilities during 2019-20 and 2020-21.

Table 1.5: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets					
		2019-20	2020-21	Per cent increase			2019-20	2020-21	Per cent increase	
Consolidated Fund										
A	Internal Debt	3,60,464	4,04,017	12.08	A	Gross Capital Outlay	1,38,106	1,51,140	9.44	
B	Loans and Advances from GoI	15,244	20,230	32.71	B	Loans and Advances	13,980	16,106	15.21	
Contingency Fund		8	13	62.50						
Total		3,75,716	4,24,260	12.92	Total	1,52,086	1,67,246	9.97		
Public Account										
A	Small Savings, Provident Funds, etc.	17,230	19,518	13.28	A	Advances	29	29	0.00	
B	Deposits	39,036	40,102	2.73	B	Remittance	498	499	0.20	
C	Reserve Funds	14,025	13,589	(-)3.11	C	Suspense and Miscellaneous	(-)5,759	(-)5,566	(-)3.35	
D	Remittances	-	-	-	Cash balance (including investment in Earmarked Fund)		25,665	32,246	25.64	
Total		70,291	73,209	4.15	Total	20,433	27,208	33.16		
							Deficit in Revenue Account	2,73,488	3,03,015	10.80
Total		4,46,007	4,97,469	11.54	Total	4,46,007	4,97,469	11.54		

Source: Finance Accounts; Difference of ₹1 crore is due to rounding.

Liabilities of the Government increased by 11.54 *per cent* as compared to 10.14 *per cent* in the PY⁴. Market loans contributed 70 *per cent* of the total outstanding liabilities during 2020-21. Net increase in liabilities on market loans by 17 *per cent* (₹ 50,180 crore) as compared to 16 *per cent* (₹ 40,882 crore) in the PY was the main contributing factor. Variations under other items are dealt with in **Chapter II**.

1.8 Fiscal Balance: Achievement of deficit and total debt targets

1.8.1 Compliance with provisions of WBFRBM Act

The State Government, in compliance with the recommendations of the Twelfth Finance Commission (12th FC), enacted the West Bengal Fiscal Responsibility and Budget Management (WBFRBM) Act, 2010. The Act was amended in 2011 and came into force from 7 February 2011. As per WBFRBM (Amendment) Act, 2011, targets for fiscal parameters were set for a period of five years commencing from 2010-11. From 2015-16, revised targets relating to key fiscal parameters were presented in the Medium Term Fiscal Policy Statement (MTFPS) along with the budget as per statute of the WBFRBM Act.

The WBFRBM (Amendment) Act, 2011 was further amended in March 2020 and February 2021 and renamed as the 'WBFRBM (Amendment) Acts, 2020 and 2021' effective from 2019-20 and 2020-21 respectively. The amendment effected in sub-section (2) of section 4 of the WBFRBM Act, 2010 is as under:

The target set for Revenue Deficit (RD) relative to Gross State Domestic Product (GSDP) in clause (b) of the principal Act stands omitted from the WBFRBM (Amendment) Acts, 2020 and 2021. Those Acts including amended Acts also envisaged that the State Government shall limit Fiscal Deficit (FD) as percentage of GSDP to three *per cent* in each year up to the end of the financial year 2024-25 provided that maximum FD as percentage of GSDP shall be limited to 3.34 and five *per cent* respectively for the years 2019-20 and 2020-21.

The WBFRBM (Amendment) Act, 2020 envisaged that the State Government would limit the total outstanding debt⁵ to GSDP to 34.30 *per cent* for the years from 2019-20 to 2024-25.

A trend analysis of targets relating to key fiscal parameters prescribed in the MTFPS for the period 2016-19 and WBFRBM (Amendment) Acts 2020 and 2021 for the year 2019-20 and 2020-21 respectively *vis-à-vis* achievements during the last five-year (2016-21) is given in **Table 1.6**.

⁴ Previous Year

⁵ Includes all debts and other liabilities

Table 1.6: Compliance with provisions of State FRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (₹ in crore)	As stated in the MTFPS 2016-17 & 2018-19 and WBFRBM (Amendment) Acts 2020 & 2021	-16,086	-9,807	-10,399	-19,661	-29,527
		X	X	X	X [#]	
Fiscal Deficit (-)/ Surplus (+) (₹ in crore) (as percentage of GSDP)		-25,386 (-2.91)	-28,930 (-2.97)	-33,485 (-3.04)	-36,831 (-3.05)	-44,688 (-3.43)
		X	X	X	✓	✓
Ratio of total outstanding debt to GSDP (in per cent)		38.70	37.03	35.68	35.89	37.05
	X	X	✓	X	X	

Source: MTFPS (2016-17 and 2018-19), WBFRBM (Amendment) Acts 2020 & 2021 and Finance Accounts (2016-21)

[#] As no targets for RD were prescribed in the MTFPS and WBFRBM (Amendment) Acts for 2019-21, 13th FC's recommendation (elimination of RD by 2014-15) in this regard has been considered.

The ratio of total outstanding debt to GSDP as per the Finance Accounts is 37.39 per cent. However, the effective debt to GSDP ratio (37.05 per cent) has been arrived at after excluding GST compensation of ₹ 4,431 crore received as back to back loan under debt receipts from the total outstanding liabilities as the Department of Expenditure, GoI has decided that it will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Analysis of the data shown in the **Table 1.6** revealed the following:

- The Revenue Deficit of the State was not eliminated despite target of 'Zero' set in MTFPS 2016-19. For 2019-21, FC's target as referred *ibid* has been considered in lieu of FRBM Act. 15th FC, after assessing the revenue and expenditure of the State, recommended post-devolution revenue deficit (PDRD) grants of ₹ 5,013 crore for the year 2020-21. However, despite receipt of PDRD grants, RD increased by 50.18 per cent (₹ 9,866 crore) as compared to the increase of 89.07 per cent (₹ 9,262 crore) in the PY. Ratio of RD to Revenue Receipts also increased to 19.90 per cent in 2020-21 from 13.76 per cent in 2019-20.
- During the three-year period from 2016-17 to 2018-19, Fiscal Deficit of the State crossed the norms prescribed in the MTFPS under the WBFRBM Act. Fiscal Deficit (₹ 44,688 crore) in 2020-21 increased by 21.33 per cent in comparison to the preceding year (₹ 36,831 crore). FD as a percentage of GSDP was 3.05 and 3.43 per cent during 2019-20 and 2020-21 and was within the targets of 3.34 and five per cent set in the WBFRBM (Amendment) Acts 2020 and 2021 respectively.
- Ratio of RD to FD increased to 66.07 per cent during 2020-21 from 53.38 per cent in 2019-20.
- During the two-year period from 2016-17 to 2017-18, outstanding debt of the State crossed the norms prescribed in the MTFPS under WBFRBM Act. During 2018-19, outstanding debt relative to GSDP

(35.68 per cent) was within the norms of 37.63 per cent. In 2019-20 and 2020-21, the total outstanding debt being 35.89 and 37.05 per cent of the GSDP respectively, was above the target of 34.30 per cent set in the WBFRBM (Amendment) Act 2020. The outstanding debt (₹ 4,86,430 crore⁶) grew by 12.22 per cent (₹ 52,955 crore) over the previous year (₹ 4,33,475 crore).

1.8.2 Medium Term Fiscal Policy

As per the WBFRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Policy along with the Annual Budget. The Medium Term Fiscal Policy (MTFP) has to set forth a five-year rolling target for the prescribed fiscal indicators.

Table 1.7 indicates the variation between the projections made for 2020-21 in MTFP presented to the State Legislature along with the Actuals of the year 2020-21.

Table 1.7: Actuals vis-à-vis projection in MTFP for 2020-21

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2020-21)	Variation
		(₹ in crore)		(in per cent)
1	Own Tax Revenue	70,807	60,287	(-)14.86
2	Non-Tax Revenue	4,266	5,198	21.85
3	Share of Central Taxes	65,835	44,737	(-)32.05
4	Grants-in-aid from GoI	38,490	38,172	(-)0.83
5	Revenue Receipts (1+2+3+4)	1,79,398	1,48,394	(-)17.28
6	Revenue Expenditure	1,79,398	1,77,921	(-)0.82
7	Revenue Deficit (-)/ Surplus (+) (5-6)	0	(-)29,527	NA
8	Fiscal Deficit (-)/ Surplus (+)	(-)31,483	(-)44,688	41.94
9	Debt-GSDP ratio (per cent)	32.89	37.05*	12.65
10	GSDP growth rate at current prices (per cent)	9.80	7.72	(-)21.21

Source: Finance Accounts, MTFPS 2019-20 & 2020-21, Table 1.1

* Arrived at after exclusion of GST compensation of ₹ 4,431 crore received as back to back loan under debt receipts from the total outstanding liabilities.

As may be seen from the table above, the actual non-tax revenue improved significantly during 2020-21 vis-à-vis the projections made in MTFPS. However, the targets projected for other revenue variables, i.e., tax revenue, share of Central taxes and Grant-in-Aid from GoI were not met during 2020-21. Further, the State could not achieve the targets set for three key fiscal variables, i.e., Revenue Deficit, Fiscal Deficit and Debt-GSDP ratio. In the

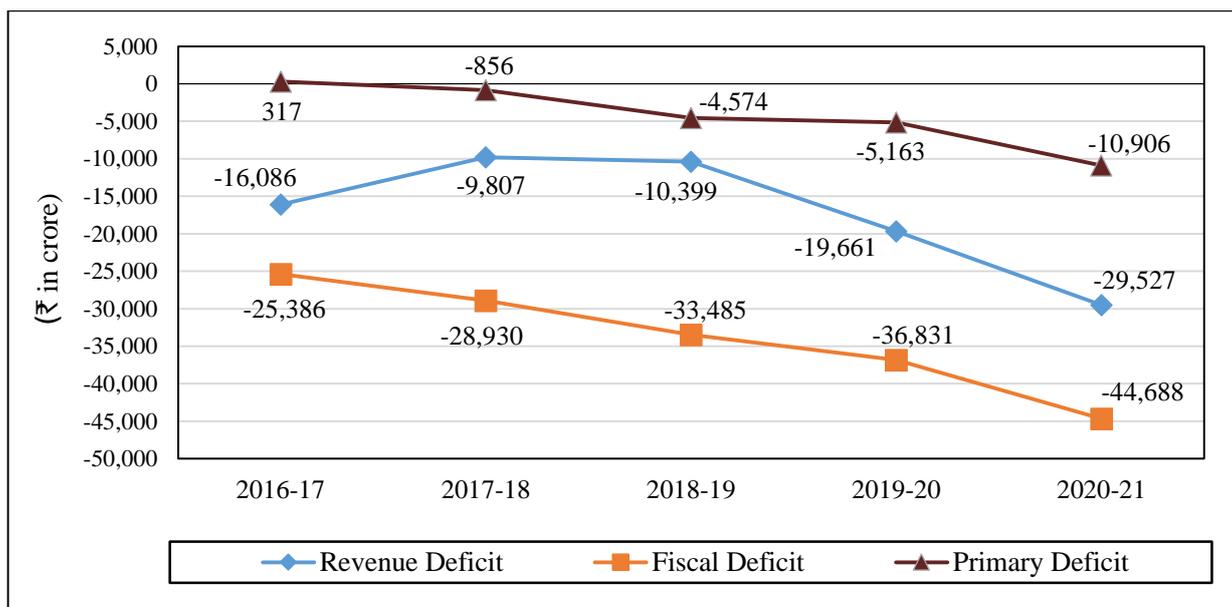
⁶ The effective outstanding fiscal liabilities would be ₹ 4,81,999 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 4,431 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

case of growth rate of GSDP also, actuals were below the projection of MTFP. Variations in the above fiscal variables have been discussed in subsequent sections of this Chapter.

1.8.3 Trend of Deficit/ Surplus

The trend of surplus and deficits over the five-year period from 2016-17 to 2020-21 is depicted in **Chart 1.4** and trend in surplus or deficit relative to GSDP is given in **Table 1.8**.

Chart 1.4: Trends in deficit parameters



Source: Finance Accounts

Table 1.8: Trends in Surplus (+)/ Deficit (-) relative to GSDP

(in per cent)

Year	2016-17	2017-18	2018-19	2019-20	2020-21
RD/ GSDP	(-1.84)	(-1.01)	(-0.94)	(-1.63)	(-2.27)
FD/ GSDP	(-2.91)	(-2.97)	(-3.04)	(-3.05)	(-3.43)
PD/ GSDP	0.04	(-0.09)	(-0.41)	(-0.43)	(-0.84)

Source: Finance Accounts

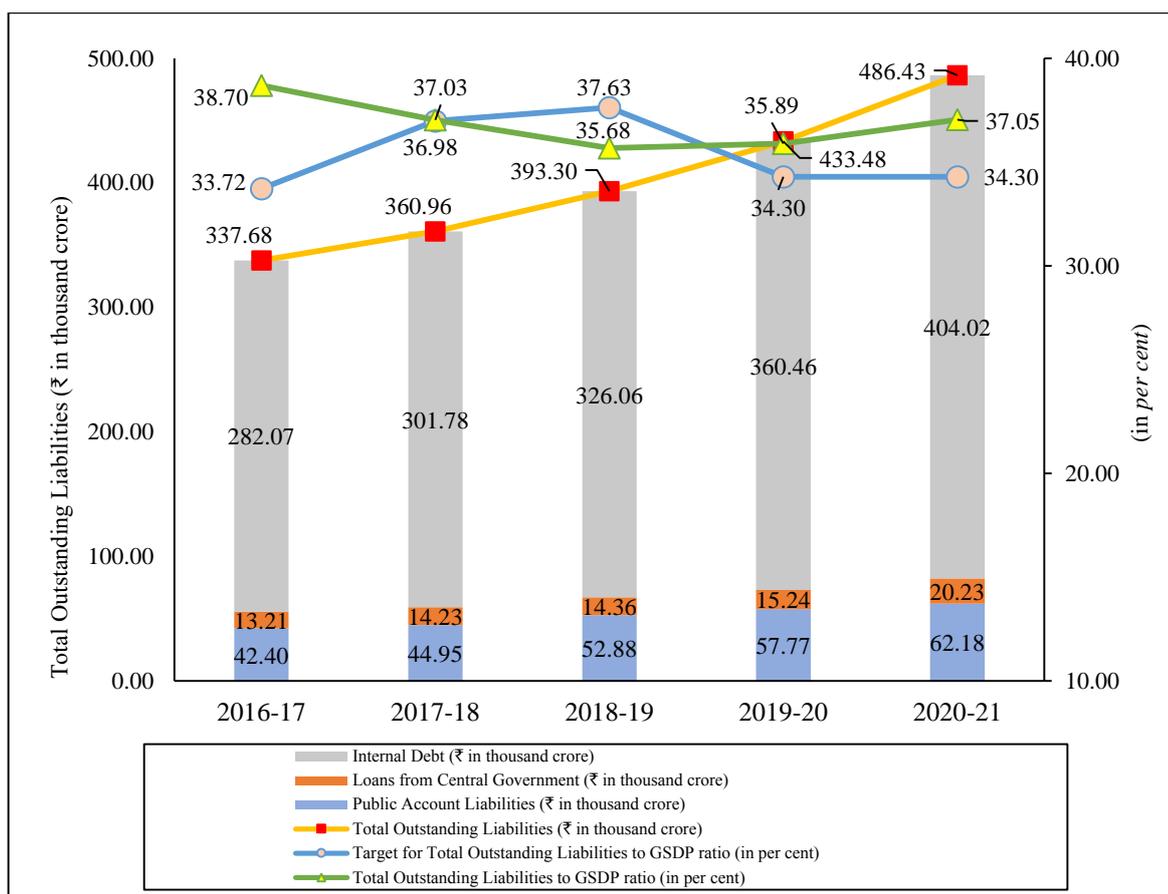
The State had a fiscal deficit of ₹ 44,688 crore during the year 2020-21, representing 3.43 per cent of GSDP and constituted 23.13 per cent of the Total Expenditure. Revenue Deficit rose 50.18 per cent to ₹ 29,527 crore during 2020-21, with significant higher revenue expenditure over 2019-20 emerging as the major contributing factor. Primary Deficit (PD) rose 111.23 per cent to ₹ 10,906 crore as the growth of expenditure was more than that of receipts over 2019-20 and hence widened the gap of deficit.

Significant deficit on Revenue Account during the current year was mainly due to the fact that the Revenue Receipts fell short of BE by 17.28 per cent whereas Revenue Expenditure fell short of BE by only 0.82 per cent. Compared to

2019-20, Revenue Receipts increased by 3.83 per cent (₹ 5,480 crore) while Revenue Expenditure increased by 9.44 per cent (₹ 15,346 crore). Revenue Receipts and Revenue Expenditure have been discussed in detail in **Chapter II** of this Report.

Trends in Outstanding Liabilities, its ratio with respect to GSDP and components of Outstanding Liabilities during 2016-21 are shown in **Chart 1.5**.

Chart 1.5: Trends in Outstanding Liabilities and GSDP



Source: Finance Accounts; Targets for Total Outstanding Liabilities to GSDP ratio for 2016-17 to 2018-19 are the Budget Estimates of the said ratio given in the MTFPSs of 2016-17 and 2018-19 respectively whereas those of 2019-20 and 2020-21 have been taken from the WBFRBM (Amendment) Act 2020.

Chart 1.5 shows the rising trend of liabilities during 2016-21. During this period, it increased at a CAGR of 9.55 per cent. Fiscal liabilities with respect to GSDP, after a fall in 2017-18 and 2018-19, moved upwards in the succeeding years. The ratio at 35.89 and 37.05 per cent respectively for 2019-20 and 2020-21, failed to achieve the target of 34.30 per cent set in WBFRBM (Amendment) Act 2020.

1.8.4 Actual Revenue and Fiscal Deficit

Excessive focus on short-term objectives for overcoming budget deficit, encourages creative accounting and recourse to one-off deficit-reducing measures. **Table 1.9** assesses actual deficit after taking into account short/non-

contribution to funds and incorrect classifications/ booking by the State Government during 2020-21.

Table 1.9: Actual Revenue and Fiscal Deficit

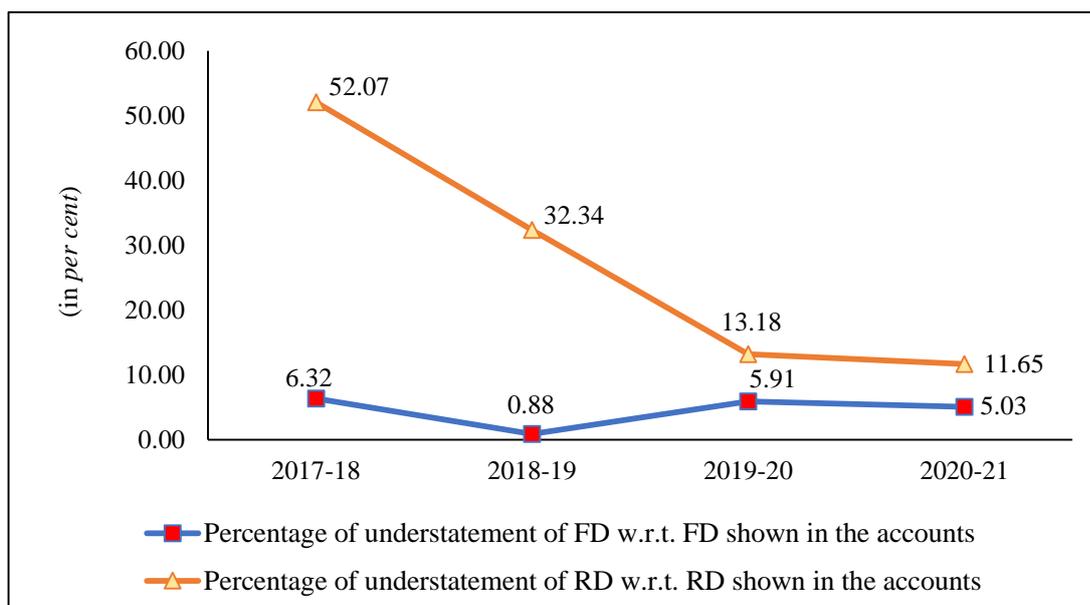
Particulars	Impact on Revenue Deficit (Understated (+)/ Overstated (-))	Impact on Fiscal Deficit (Understated (+)/ Overstated (-))	Paragraph Reference
	(₹ in crore)		
Non-contribution to Guarantee Redemption Fund	61.30	61.30	2.11.3
Incorrect classification on refund of Capital Outlay from Personal Deposit Account	11.13	-	4.6
Misclassification between Capital and Revenue Expenditure	1,187.00	-	2.(ii) of Notes to Finance Accounts (FA)
Non-payment of interest on State Compensatory Afforestation Deposit	8.28	8.28	2.(x) of Notes to FA
Non-payment of interest on State Disaster Response Fund	37.79	37.79	2.(x) of Notes to FA
Non-recoupment of Contingency Fund drawal	0.01	6.70	3 of Notes to FA
Non-transfer of Cess collected as Other Cess	2,134.84	2,134.84	4.(vi)(c) of Notes to FA
Total	3,440.35	2,248.91	

Source: Finance Accounts and Audit Analysis

As may be seen from the table above, there was understatement of RD and FD by ₹ 3,440.35 crore and ₹ 2,248.91 crore respectively. Thus, the State's actual RD and FD would stand at ₹ 32,967.35 crore and ₹ 46,936.91 crore respectively instead of ₹ 29,527 crore and ₹ 44,688 crore, if the items mentioned in the above table are factored in.

Persistent understatement of RD and FD during 2017-21 have been shown in **Chart 1.6**.

Chart 1.6: Persistent understatement of deficits



Source: Finance Accounts and Audit Analysis

1.8.5 Post audit- Total Debt

At the end of 2020-21, outstanding debt of the State Government increased to ₹ 4,81,999 crore⁷ from ₹ 4,33,475 crore in the previous year. Besides this, there were some borrowings by the Government for meeting its own commitments on various schemes which were not routed through the budget as well as the accounts and thus remained outside legislative control. These borrowings were raised, on behalf of the State Government, through Government owned or controlled public sector enterprises or societies.

GoWB during 2020-21 borrowed ₹ 4,312 crore through the off-budget route by means of Cash Credit Loans (CCLs). These borrowings were raised by Government owned or controlled public sector enterprises or societies from the West Bengal Central Co-operative Bank to fund various State sponsored schemes. Against such CCLs, repayment of ₹ 1,085 crore towards principal was due upto March 2021. Thus, the overall outstanding debt (₹ 4,81,999 crore) of the State would increase by 0.23 per cent (₹ 1,085 crore) to ₹ 4,83,084 crore and the overall debt as a percentage of GSDP during 2020-21 would also increase from 37.05 per cent to 37.13 per cent. Details of off-budget borrowings have been discussed in **Chapter II** of this Report.

The State Government may consider depicting such off-budget borrowings by the public sector undertakings in “total outstanding debt/ liabilities” where the principal is to be serviced out of the State budget. This would render transparency in the Accounts and facilitate the State Government in assessing the clear liabilities in the event of default by the entities.

⁷ After excluding GST compensation of ₹ 4,431 crore received as back to back loans under debt receipts.

CHAPTER II

Finances of the State

Chapter II Finances of the State

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary.

2.2 Major Changes in Key fiscal aggregates *vis-à-vis* 2019-20

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	<ul style="list-style-type: none">✓ Revenue receipts of the State increased by 3.83 <i>per cent</i>✓ Own Tax receipts of the State decreased by 0.63 <i>per cent</i>✓ Own Non-tax receipts increased by 61.80 <i>per cent</i>✓ State's Share of Union Taxes and Duties decreased by 6.89 <i>per cent</i>✓ Grants-in-aid from Government of India increased by 23.20 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">✓ Revenue expenditure increased by 9.44 <i>per cent</i>✓ Revenue expenditure on General Services increased by 14.13 <i>per cent</i>✓ Revenue expenditure on Social Services increased by 7.88 <i>per cent</i>✓ Revenue expenditure on Economic Services increased by 3.09 <i>per cent</i>✓ Expenditure on Grants-in-aid decreased by 0.05 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">✓ Capital expenditure decreased by 11.18 <i>per cent</i>✓ Capital expenditure on General Services decreased by 27.07 <i>per cent</i>✓ Capital expenditure on Social Services decreased by 27.38 <i>per cent</i>✓ Capital expenditure on Economic Services decreased by 12.73 <i>per cent</i>

Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances increased by 79.79 per cent ✓ Recoveries of Loans and Advances increased by 125.21 per cent
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts decreased by 0.36 per cent ✓ Repayment of Public Debt decreased by 33.46 per cent
Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts increased by 5.85 per cent ✓ Disbursement from Public Account increased by 9.24 per cent
Cash Balance	<ul style="list-style-type: none"> ✓ Cash balance increased by ₹ 6,581 crore (25.64 per cent)

Source: Finance Accounts

Each of the above indicators is analysed in the succeeding paragraphs.

2.3 Sources and Application of Funds

Table 2.2 below compares the sources and application of funds of the State during 2020-21 with 2019-20, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2020-21 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

Parameters	Particulars	2019-20	2020-21	Increase/ Decrease
		(₹ in crore)		
Sources	Opening Cash Balance with RBI	17,607	25,665	8,058
	Revenue Receipts	1,42,914	1,48,394	5,480
	Recoveries of Loans and Advances	67	150	83
	Misc. Capital Receipts	0	0	0
	Public Debt Receipts (Net)	35,286	48,539	13,253
	Contingency Fund	0	12	12
	Public Account Receipts (Net)	9,615	2,725	(-)6,890
	Total	2,05,489	2,25,485	19,996
Application	Revenue Expenditure	1,62,575	1,77,921	15,346
	Capital Outlay	15,971	13,034	(-)2,937
	Contingency Fund Disbursement	11	7	(-)4
	Disbursement of Loans and Advances	1,267	2,277	1,010
	Closing Cash Balance with RBI	25,665	32,246	6,581
	Total	2,05,489	2,25,485	19,996

Source: Finance Accounts

A. Sources of Funds:

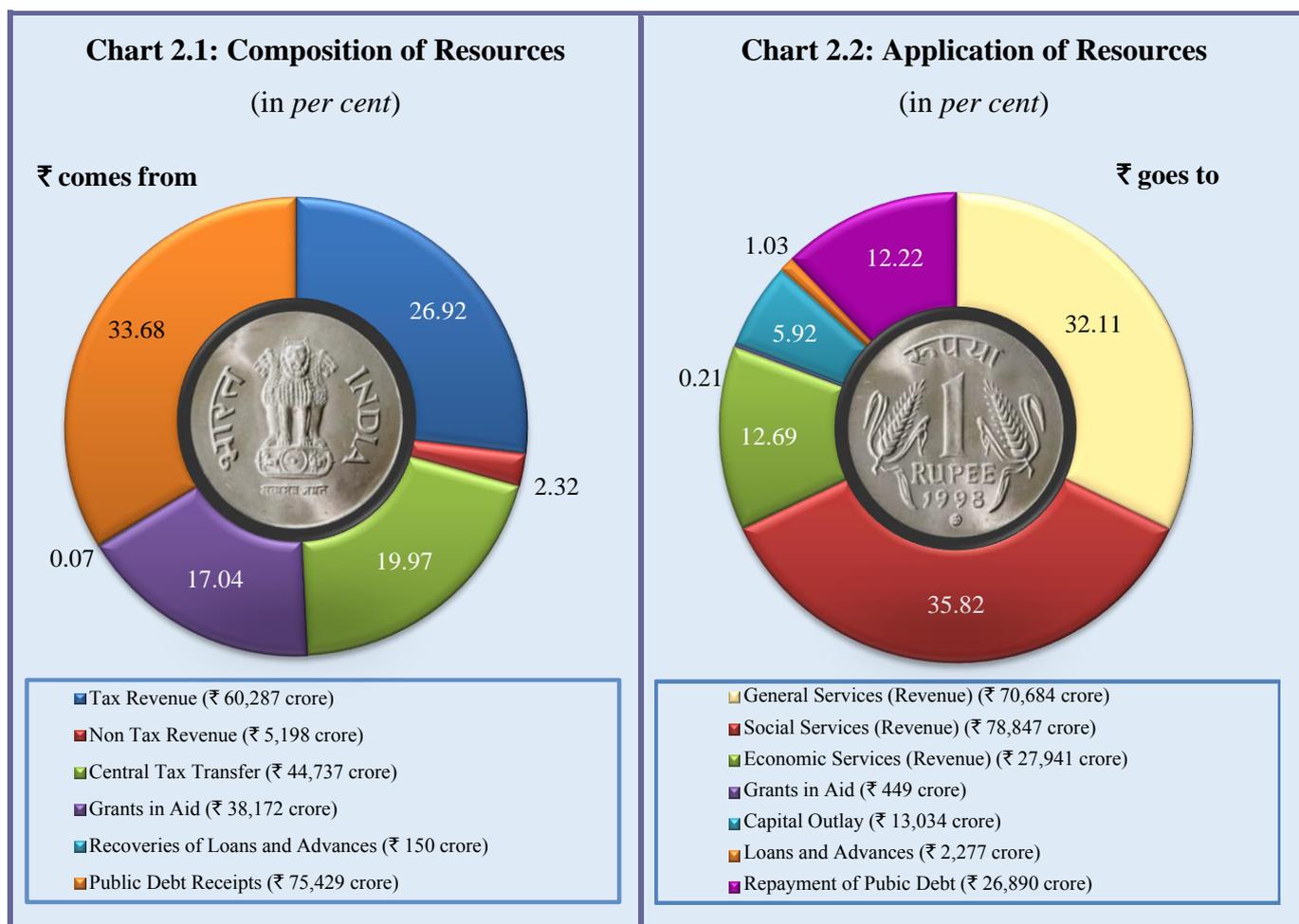
Revenue Receipts in the shape of State's own revenue (₹ 65,485 crore) and Central tax transfer/grants (₹ 82,909 crore), emerged as a major contributor to the State's resources. However, contribution of Revenue Receipts in the total resources of the State decreased to 66 *per cent* during 2020-21 from 70 *per cent* in 2019-20. Net Public Debt Receipts⁸ which is backed by market borrowings and loans & advances from GoI, increased to 22 *per cent* from 17 *per cent* in 2019-20. The contribution through non-debt capital receipts in the shape of recovery of loans and advances marginally increased to 0.07 *per cent* from 0.03 *per cent* in 2019-20. The relative share of the other two major components, namely, opening cash balance with RBI and Net Public Account Receipts⁹ changed to 11 and one *per cent* respectively from eight and five *per cent* in 2019-20.

B. Application of Funds:

Out of the total resources mobilised during the year, 50 *per cent* was spent on committed expenditure, comprising, salaries and wages (51 *per cent*), interest payments (30 *per cent*) and expenditure on pensions (19 *per cent*). From the balance, after accounting for capital outlay (six *per cent*), disbursement of loans and advances and contingency fund disbursement (one *per cent*) and closing cash balance with RBI (14 *per cent*), Government was left with 29 *per cent* of its gross mobilisation to spend on various purposes under the social and economic sectors.

⁸ Difference between the borrowings received and repayment on borrowings

⁹ Difference between the receipt from Public Accounts and disbursement from Public Accounts



Source: Finance Accounts

Analysis revealed that:

- Revenue Expenditure was primarily met out of the Revenue Receipts with Public Debt also being a contributor;
- In General Services (Revenue), Interest Payments comprised 47.79 per cent;
- Beside Repayment of Public Debt (12.22 per cent), Interest Payments constituted 17.48 per cent, thereby taking overall Repayments to 29.70 per cent of the total expenditure;
- The deficit was financed through borrowings which accounted for 33.68 per cent of total resources.

2.4 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **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.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

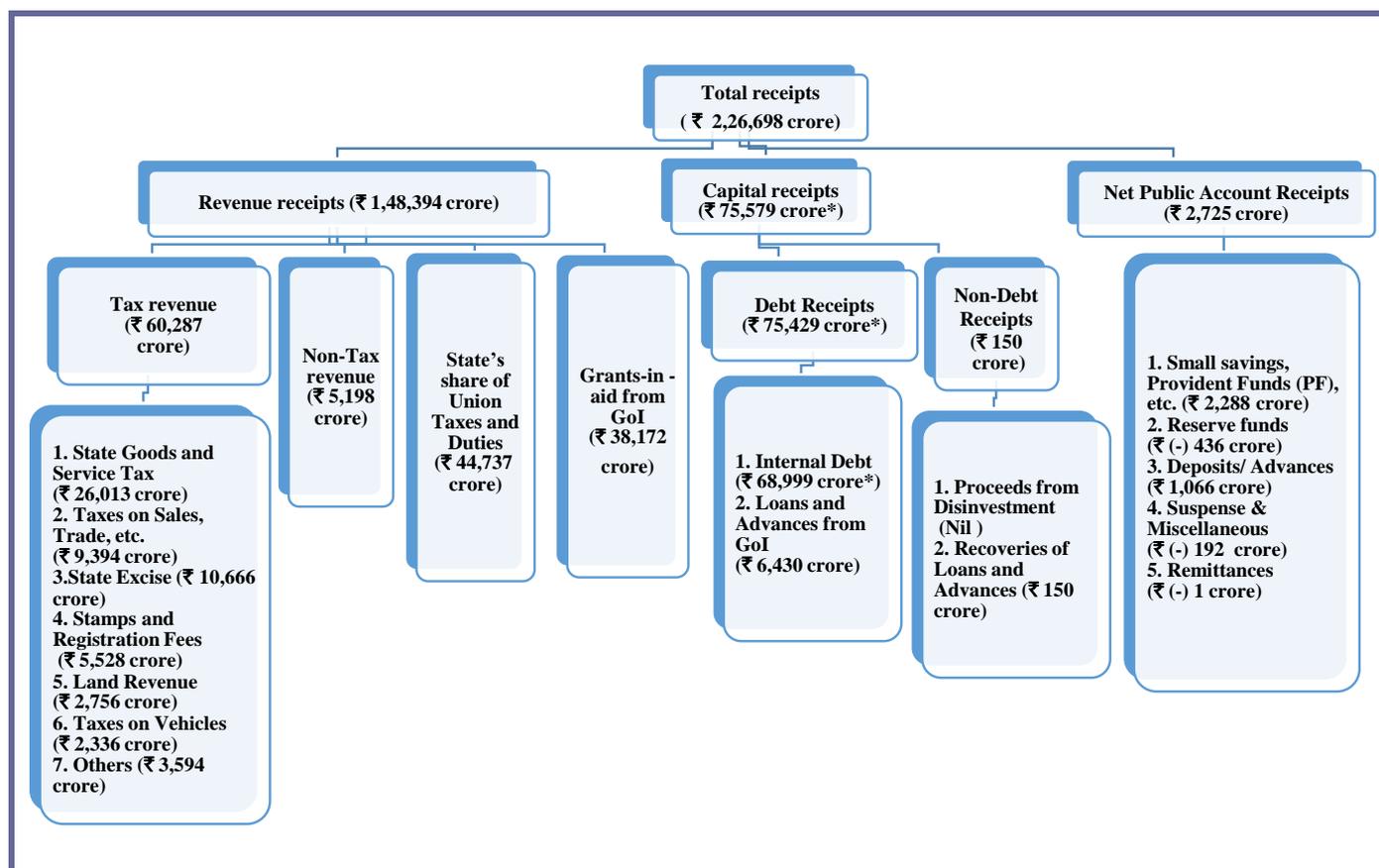
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such as, small savings & provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These 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. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.4.1 Receipts of the State

Composition of receipts of the State during 2020-21 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2020-21



Source: Finance Accounts

*including Ways and Means Advances (WMA) of ₹8,155 crore in 2020-21

In total receipts during 2020-21, contribution from Revenue Receipts, Capital Receipts and Net Public Account Receipts were 65.46, 33.34 and 1.20 per cent respectively, details of which have been discussed in subsequent paragraphs.

2.5 Revenue Receipts

This paragraph analyses trends in total revenue receipts and its components. It is followed by analysis of trends in the receipts bifurcated into State's own receipts and receipts from the Central Government.

2.5.1 Trends and growth of Revenue Receipts

Table 2.3 shows the trend in revenue receipts and its components as well as revenue buoyancy with respect to GSDP over the five-year period (2016-21).

Table 2.3: Trend in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	1,17,832	1,31,270	1,45,975	1,42,914	1,48,394
Rate of growth of RR (in per cent)	7.38	11.40	11.20	(-2.10)	3.83
Own Tax Revenue (₹ in crore)	45,466	52,721	60,732	60,669	60,287
Non-Tax Revenue (₹ in crore)	2,950	3,117	3,657	3,213	5,198
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (in per cent)	9.16	15.33	15.31	(-0.79)	2.51
State's share of Union Taxes and Duties (₹ in crore)	44,625	49,321	55,776	48,048	44,737
Grants-in-aid from Government of India (₹ in crore)	24,791	26,111	25,810	30,984	38,172
Gross State Domestic Product (₹ in crore) (2011-12 Series)	8,72,527	9,74,700	11,02,283	12,07,823	13,01,017
Rate of growth of GSDP (in per cent)	9.44	11.71	13.09	9.57	7.72
RR/ GSDP (in per cent)	13.50	13.47	13.24	11.83	11.41
Buoyancy Ratios¹⁰					
Revenue Buoyancy w.r.t GSDP	0.78	0.97	0.86	(-0.22)	0.50
State's Own Revenue Buoyancy w.r.t GSDP	0.97	1.31	1.17	(-0.08)	0.33

Source: Finance Accounts and for GSDP, figures issued by Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

General trends relating to Revenue Receipts of the State are as follows:

- Revenue Receipts increased by ₹ 5,480 crore (3.83 per cent) during 2020-21 over the previous year. State's share of Union Taxes and Duties decreased by ₹ 3,311 crore (6.89 per cent) followed by tax revenue by ₹ 382 crore (0.63 per cent) set-off by increase in Grants from GoI by

¹⁰ 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, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

₹ 7,188 crore (23.20 per cent) and non-tax revenue by ₹ 1,985 crore (61.80 per cent).

- During 2020-21, 44 per cent of the Revenue came from the State's own resources and the balance was from GoI in the form of central tax transfers and grants-in-aid.
- Revenue buoyancy measures the percentage change in the revenue receipts to the percentage change in GSDP. As can be seen from **Table 2.3** above, Revenue buoyancy remained lower than one during 2016-21 indicating that revenue receipts have not kept pace with the rate at which GSDP grew during 2016-21. As GSDP grows, the ability of the State Government to mobilise its own revenue should also increase. **Table 2.3** also shows that the State was able to increase its own resources during 2017-19 in tandem with GSDP. However, lower growth in collection of State's own revenue compared to the growth of GSDP turned own revenue buoyancy to a level lower than one during 2020-21.
- There was wide fluctuation in the revenue buoyancy of the State, as extraneous factors such as Finance Commission (FC) Award (14th FC during 2015-20 and 15th FC from 2020-21), implementation of GST (from 2017-18 onwards) and lockdown owing to COVID-19 pandemic (from the end of March 2020 to September 2020), impacted the actual receipts under different components of revenue.

2.5.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from the Central Government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, etc.

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.

The gross collections in respect of major tax and non-tax revenue and their relative share in GSDP during 2016-21 are given in **Appendix 2.1**.

2.5.2.1 Own Tax Revenue

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, stamps and registration fees, land revenue and taxes on goods and passengers etc.

State's own tax revenue and its components during 2016-21 is shown in **Table 2.4**.

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
Sales Tax	27,983	12,999	7,813	7,161	9,394
SGST	0	14,964	27,067	27,308	26,013
State Excise	5,226	9,340	10,622	11,232	10,666
Taxes on Vehicles	1,870	2,317	2,563	2,601	2,336
Stamps and Registration Fees	4,383	5,261	5,620	6,026	5,528
Land Revenue	2,569	2,875	2,847	2,728	2,756
Taxes on Goods and Passengers	934	1,532	435	34	322
Other Taxes	2,501	3,433	3,765	3,579	3,272
Total	45,466	52,721	60,732	60,669	60,287

Source: Finance Accounts

State's OTR maintained growth ranging between seven and 15.96 per cent during 2016-19. However, during 2019-20 and 2020-21, the growth trajectory reversed as OTR decreased by 0.10 per cent (₹ 63 crore) and 0.63 per cent (₹ 382 crore) respectively over the previous year of the respective years. As can be seen from **Table 2.4** above, collection on all major components like SGST, State Excise, Taxes on Vehicles and Stamps and Registration fees decreased by 4.74, 5.04, 10.19 and 8.26 per cent respectively over 2019-20. This was mainly due to decline in economic activity in the first half of 2020-21 owing to the COVID-19 pandemic followed by imposition of strict lockdown. This is further corroborated by the fact that receipts from the above four components decreased by 6.30, 39.50, 31.79 and 45.72 per cent respectively over the same period of 2019-20. On the contrary, Sales Tax increased by 31.18 per cent in 2020-21 backed by higher collection on motor spirits and petroleum products after decline during 2018-20. Decline in revenue collection under taxes on goods and passengers by 78.98 per cent in 2020-21, from the levels of 2017-18, was due to this tax being subsumed in GST.

2.5.2.2 Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due to the Government. MTFPS presented with the Budget 2021-22 revealed that at the end of 2020-21, arrears in realisation of revenue was ₹ 18,610 crore. Against this arrear, there was no dispute regarding realisation of ₹ 4,248 crore, of which cases exceeding one to two years involved ₹ 242 crore, two to five years ₹ 3,344 crore, five to 10 years ₹ 289 crore and more than 10 years ₹ 373 crore. Circumstances under which revenue of ₹ 4,248 crore could not be realised was not explained in the MTFPS. As mentioned above, undisputed arrears on account of revenue are lying unrealised for period ranging between one year and more than 10 years. Such arrears in realisation adversely affects both the revenue receipt and revenue deficit.

2.5.2.3 Non-Tax Revenue

Components of State's non-tax revenue for the period from 2016-17 to 2020-21 is given in **Table 2.5** below.

Table 2.5: Components of State's non-tax revenue

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
Interest Receipts	1,201	1,396	806	321	2,824
Dividend and Profits	1	37	47	82	2
Other Non-Tax Receipts, <i>of which</i>	1,748	1,684	2,804	2,810	2,372
a) Major and Medium Irrigation	7	9	16	15	4
b) Road Transport	105	124	74	64	62
c) Urban Development	37	34	22	26	29
d) Education	177	68	63	63	30
e) Non-Ferrous Mining	400	422	326	215	173
f) Others or Misc.	1,022	1,027	2,303	2,427	2,074*
Total	2,950	3,117	3,657	3,213	5,198

Source: Finance Accounts

*Includes collection from State Lotteries (₹1,327 crore), Medical & Public Health (₹260 crore) and Police (₹125 crore), etc.

Contribution of Non-tax revenue in Revenue receipts increased to 8.62 per cent in the current year from 5.30 per cent in 2019-20. During 2020-21, it increased by ₹ 1,985 crore (61.78 per cent) over the previous year due to withdrawal of ₹ 2,498 crore from the Consolidated Sinking Fund (CSF) for meeting borrowing commitments in the COVID-19 pandemic situation, and accounted for as revenue receipts under the major head '0049-Interest Receipts'.

2.5.3 Transfers from the Centre

The two main components of transfers from the GoI are Central tax transfers *i.e.*, State's share in Union taxes & duties and Grants-in-aid.

During 2020-21, Central transfers increased to ₹ 82,909 crore from ₹ 79,032 crore in 2019-20 due to increase in receipts of Finance Commission grants following the recommendation of the 15th FC.

2.5.3.1 Central Tax Transfers

The Fifteenth Finance Commission (15th FC) recommended that the States' share of Central taxes is to be decreased to 41 per cent from 42 per cent of sharable proceeds recommended by the Fourteenth Finance Commission (14th FC). Further, West Bengal's share in the net proceeds of Central taxes (divisible pool) has been revised to 7.519 per cent of sharable proceeds under 15th FC from 7.324 per cent during 14th FC.

Actual devolution of Central tax transfers and its components for the period 2016-21 is shown in **Table 2.6**.

Table 2.6: Central Tax Transfers (₹ in crore)

Head	2016-17	2017-18	2018-19	2019-20	2020-21
Central Goods and Services Tax (CGST)	0	701	13,766	13,635	13,282
Integrated Goods and Services Tax (IGST)	0	4,980	1,099	0	0
Corporation Tax	14,314	15,107	19,397	16,383	13,508
Taxes on Income other than Corporation Tax	9,948	12,757	14,285	12,837	13,849
Customs	6,157	4,979	3,954	3,046	2,368
Union Excise Duties	7,031	5,204	2,627	2,117	1,502
Service Tax	7,142	5,594	511	0	195
Other Taxes ¹¹	33	0	137	30	33
Central Tax transfers	44,625	49,321	55,776	48,048	44,737
Percentage of increase over the previous year	20	11	13	(-)14	(-)7
Percentage of Central tax transfers to Revenue Receipts	38	38	38	34	30

Source: Finance Accounts

The Central tax transfers at ₹ 44,737 crore in 2020-21 decreased by 6.89 per cent (₹ 3,311 crore) over the previous year. Decrease in transfer of sharable proceeds from direct taxes and indirect taxes attributed to this shortfall. In direct taxes, shortfall was mainly noticed under Corporation tax by ₹ 2,875 crore (17.55 per cent). In case of indirect taxes, shortfall was on account of decrease in transfer under (i) Customs by ₹ 678 crore (22.26 per cent) and (ii) Union Excise duties by ₹ 615 crore (29.05 per cent).

2.5.3.2 Grants from GoI

Grants from Government of India increased by ₹ 7,188 crore (23.20 per cent) over the previous year to ₹ 38,171 crore in 2020-21. This was owing to significant increase in FC Grants by ₹ 6,325 crore (105 per cent).

As per recommendation of the 15th FC, GoWB received Post devolution Revenue Deficit Grants (₹ 5,013 crore) in the current year. This was in addition to increase in Grants-in-Aid for Rural Local Bodies, Urban Local Bodies and Disaster relief by ₹ 709 crore, ₹ 243 crore and ₹ 361 crore, respectively over the previous year.

Under the component 'Centrally sponsored schemes' major increases were noticed under schemes for (i) PMAY¹² by ₹ 1,039 crore, (ii) PMGSY¹³ by ₹ 621 crore and (iii) NHM¹⁴ by ₹ 258 crore set-off by decrease under (a) MGNREGA¹⁵ by ₹ 237 crore, (b) Anganwadi services by ₹ 127 crore, and (c) BADP¹⁶ by ₹ 115 crore.

In the component 'Other transfers/grants to States with Legislature', major increases were noticed under (i) compensation for the loss of revenue on account

¹¹ Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services

¹² Pradhan Mantri Awas Yojana

¹³ Pradhan Mantri Gram Sadak Yojana

¹⁴ National Health Mission

¹⁵ Mahatma Gandhi National Rural Employment Guarantee Act

¹⁶ Border Area Development Programme

of implementation of GST (₹ 1,417 crore), (ii) NDRF¹⁷ (₹ 1,292 crore) partially set-off by decrease under (iii) grants from Central Road Fund (₹ 316 crore).

2.5.3.3 Fifteenth Finance Commission Grants

During 2020-21, Fifteenth Finance Commission (15th FC) provided grants-in-aid for local bodies of ₹ 6,326 crore and State disaster relief and mitigation fund of ₹ 1,348 crore including State's share of ₹ 337 crore. Being a revenue deficit state, West Bengal also received post devolution revenue deficit grants of ₹ 5,013 crore. While analysing the grants, audit noticed the following:

Delayed release of grants for Local Bodies

Para 5.3(xiii) of 15th FC recommendations stated that to incentivise improvement in air quality in million-plus cities, the second instalment shall be disbursed in January 2021 against the stipulated performance-based outcomes in terms of year-on-year improvement in air quality.

GoWB did not receive the second instalment of Urban Local Bodies grants amounting to ₹ 209.50 crore (25.84 per cent of the total allocation) for the purpose of 'Grants for million-plus cities to the State Government for Air quality improvement' during 2020-21. The grant was received by GoWB only on 6 May 2021. Non-fulfilment of the performance-based outcomes by the State Government led to belated release of the second instalment.

Avoidable payment of interest

Fifteenth FC recommended that the States should release grants to gram panchayats and municipalities within 10 days of its being credited to the State Government's account by the Union Government. Any delay in the release of the above grants would attract penal interest as per the effective rate of interest on market borrowings/ State Development Loans (SDLs) for the previous year.

It was observed that 15th FC grants of ₹ 5,223.50 crore (Rural Bodies grants of ₹ 3,309 crore plus Urban Local Grants of ₹ 1,914.50 crore) were released with delays ranging between one and 28 days due to which, GoWB had to pay interest of ₹ 62.68 crore (RLBs: ₹ 40.78 crore and ULBs: ₹ 21.90 crore) during 2020-21.

The Finance Department, despite pursuance, did not furnish reasons for delays in receipts of Local Bodies grants from GoI and payment of interest owing to delayed disbursements by GoWB.

2.6 Capital Receipts

Capital Receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market borrowings, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The net public debt receipts after discharging public debt plus other capital receipts is the net capital receipts.

Table 2.7 shows the trends in growth and composition of net capital receipts during the period 2016-21.

¹⁷ National Disaster Response Fund

Table 2.7: Trends in growth and composition of net capital receipts
(₹ in crore)

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts	40,757	45,957	71,693	75,766	75,579
Public debt receipts	37,524	45,743	70,197	75,699	75,429
Public debt repayment	12,304	25,011	45,786	40,413	26,890
Net Public Debt Receipts	25,220	20,732	24,411	35,286	48,539
Growth rate (in per cent)	(-)1.36	(-)17.80	17.75	44.55	37.56
Miscellaneous Capital Receipts	0	0	692	0	0
Recovery of Loans and Advances	3,233	214	804	67	150
Non-debt capital receipts	3,233	214	1,496	67	150
Net capital receipts	15,920	1,609	1,325	18,116	33,378
Growth rate (in per cent)	15.60	(-)89.89	(-)17.65	1,267.25	84.25
Net Internal Debt*	25,676	19,708	24,286	34,400	43,553
Growth rate (in per cent)	(-)0.19	(-)23.24	23.23	41.65	26.61
Net Loans and advances from GoI	(-)456	1,024	125	886	4,986
Growth rate (in per cent)	188.61	(-)324.56	(-)87.79	608.80	462.75
Rate of growth of debt Capital Receipts (in per cent)	(-)17.97	21.90	53.46	7.84	(-)0.36
Rate of growth of non-debt capital receipts (in per cent)	117.71	(-)93.38	599.07	(-)95.52	123.88
Rate of growth of GSDP (in per cent)	9.44	11.71	13.09	9.57	7.72
Buoyancy of Net Public Debt Receipts w.r.t GSDP	(-)0.14	(-)1.52	1.36	4.65	4.87
Rate of growth of Capital Receipts (in per cent)	(-)13.71	12.76	56.00	5.68	(-)0.25

Source: Finance Accounts and GSDP data sourced from MoSPI, Government of India dated 2 August 2021

*Including gross figures under WMA of ₹1,208 crore in 2016-17, ₹5,395 crore in 2017-18, ₹25,005 crore in 2018-19, ₹15,860 crore in 2019-20 and ₹8,155 crore in 2020-21

Capital Receipts (₹ 75,579 crore) in the current year marginally decreased by ₹ 187 crore (0.25 per cent) over 2019-20 due to decrease in WMA by 49 per cent over the PY to ₹ 8,155 crore partially offset by increase in Loans and Advances from GoI and Market Borrowings (MB) of ₹ 4,413 crore (219 per cent) and ₹ 2,688 crore (4.71 per cent) respectively over the PY.

Net capital receipts increased by 84.25 per cent from ₹ 18,116 crore to ₹ 33,378 crore in 2020-21, mostly due to increase in net public debt receipts. Net public debt receipts with respect to GSDP in the current year (4.87 per cent) remained more buoyant than the previous year (4.65 per cent). This was mainly due to

increase in net GoI loans of ₹ 4,100 crore over the increase of ₹ 761 crore in 2019-20. During 2020-21, net utilisation of MB and GoI loans were ₹ 50,180 crore and ₹ 4,986 crore, respectively set off by repayment of NSSF loans (₹ 6,340 crore) and more repayment over receipt on loans from Financial Institutions (₹ 286 crore). The above factors helped Net Public Debt receipts to increase by 37.56 per cent to ₹ 48,539 crore.

Public debt receipts create future repayment obligations. During 2020-21, 36 per cent of public debt receipts were used for repayment of public debts raised in earlier years.

Non-debt capital receipts in the shape of recoveries of loans and advances and Miscellaneous Receipts increased by 123.88 per cent to ₹ 150 crore due to improved recovery of loans from Public Sector Enterprises/ Bodies/ Authorities. However, disbursement of loans and advances on this account increased by ₹ 1,011 crore (79.86 per cent) in 2020-21 over that in 2019-20. This indicates that there is an urgent need to assess the essentiality of services being rendered by these entities and initiate necessary measures to ensure increase in the effectiveness of their functioning.

2.6.1 State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The mobilisation of resources with respect to 15th FC projections and Budget Estimates during 2020-21 has been shown in **Table 2.8**.

Table 2.8: Tax and non-tax receipts vis-à-vis projections

Particulars	FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FC projections	Budget estimates
(₹ in crore)					
Own Tax revenue	81,409	70,807	60,287	(-)25.95	(-)14.86
Non-tax revenue	4,128	4,266	5,198	25.92	21.85

Source: 15th FC Report, Budget Publication and Finance Accounts

As could be seen from **Table 2.8**, while the State Government fell short of achieving the targets for own tax revenue set in the 15th FC and budget estimates by 26 per cent (₹ 21,122 crore) and 15 per cent (₹ 10,520 crore) respectively, it exceeded the corresponding targets for non-tax revenue by 26 per cent (₹ 1,070 crore) and 22 per cent (₹ 932 crore). Overall, short collection of State's own revenue contributed in widening the gap of revenue deficit with respect to FC projections and budget estimates.

2.7 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital

infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.7.1 Growth and composition of expenditure

Table 2.9 gives the trend of total expenditure and its composition while **Table 2.10** gives relative share of various sectors in expenditure during the period 2016-21. The expenditure under various sectors in respect of revenue and capital and their relative share in GSDP during 2016-21 are given in **Appendix 2.1**.

Table 2.9: Total expenditure and its composition

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Total Expenditure (TE)	1,46,451	1,60,414	1,80,956	1,79,813*	1,93,232
Revenue Expenditure (RE)	1,33,918	1,41,077	1,56,374	1,62,575	1,77,921
Capital Outlay (CO)	11,336	19,368	23,717	15,971	13,034
Loans and Advances	1,197	(-31)	865	1,267*	2,277
<i>As a percentage of GSDP</i>					
TE/ GSDP	16.78	16.46	16.42	14.89	14.85
RE/ GSDP	15.35	14.47	14.19	13.46	13.68
CO/ GSDP	1.30	1.99	2.15	1.32	1.00
Loans and Advances/ GSDP	0.14	0.00	0.08	0.10	0.18

Source: Finance Accounts; *Difference of ₹1 crore is due to rounding.

State's total expenditure (TE) consists of Revenue Expenditure (RE), Capital Outlay (CO) and disbursement of loans and advances. TE during the current year increased by ₹ 13,419 crore (7.46 per cent) over the previous year. This was mainly due to increase of RE by ₹ 15,346 crore (9.44 per cent). With respect to GSDP, RE increased by 0.22 per cent while CO reduced by 0.32 per cent over that of 2019-20. During 2016-21, CO as a percentage of GSDP was the lowest at 1.00 in 2020-21. This is not encouraging as Investment in Capital Assets is considered to be an indicator of growth of any State economy. Payment of Loans and Advances to GSDP was, however, slightly higher as compared to the previous year.

Table 2.10: Relative share of various sectors of expenditure

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
	(in per cent)				
General Services	34.81	33.30	31.94	34.86	36.86
Social Services	42.00	41.89	42.05	43.67	42.85
Economic Services	21.99	24.52	25.26	20.52	18.88
Others (Grants to Local Bodies and Loans and Advances)	1.20	0.29	0.75	0.95	1.41

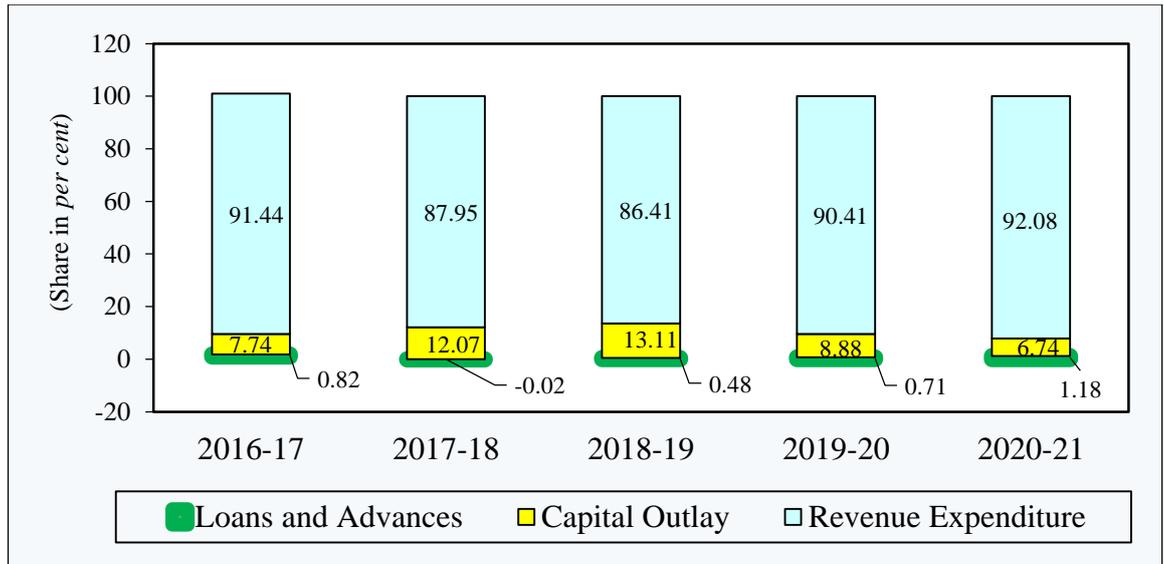
Source: Finance Accounts

Expenditure under Social Sector constituted a major portion of the State's Expenditure. As can be seen from **Table 2.10** above, around 42 to 44 per cent of the total expenditure was in this sector during 2016-21 indicating Government's priority on spending on social activities. In the current year, the relative share of this sector, however slightly reduced by 0.82 per cent over the previous year to

42.85. The relative share of expenditure on General Services increased by two per cent to almost 37 per cent, largely driven by increased interest payments and expenditure on pensions. In the case of Economic Services, the relative share decreased by 1.64 per cent over the previous year to 18.88, indicating that the expenditure in this sector remained compressed.

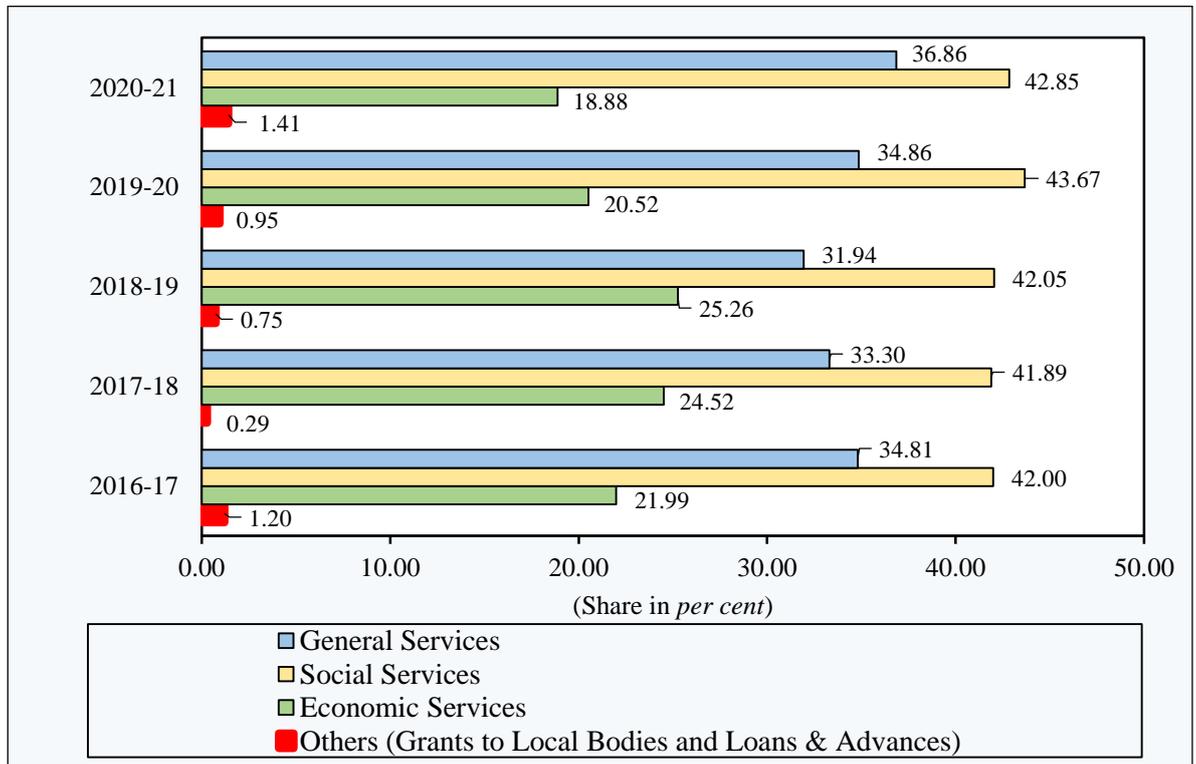
Chart 2.4 presents the trends in share of components of Total Expenditure (TE) while **Chart 2.5** presents TE by activity during 2016-21. **Chart 2.6** presents the composition of expenditure during 2020-21.

Chart 2.4: Total Expenditure: Trends in share of its components



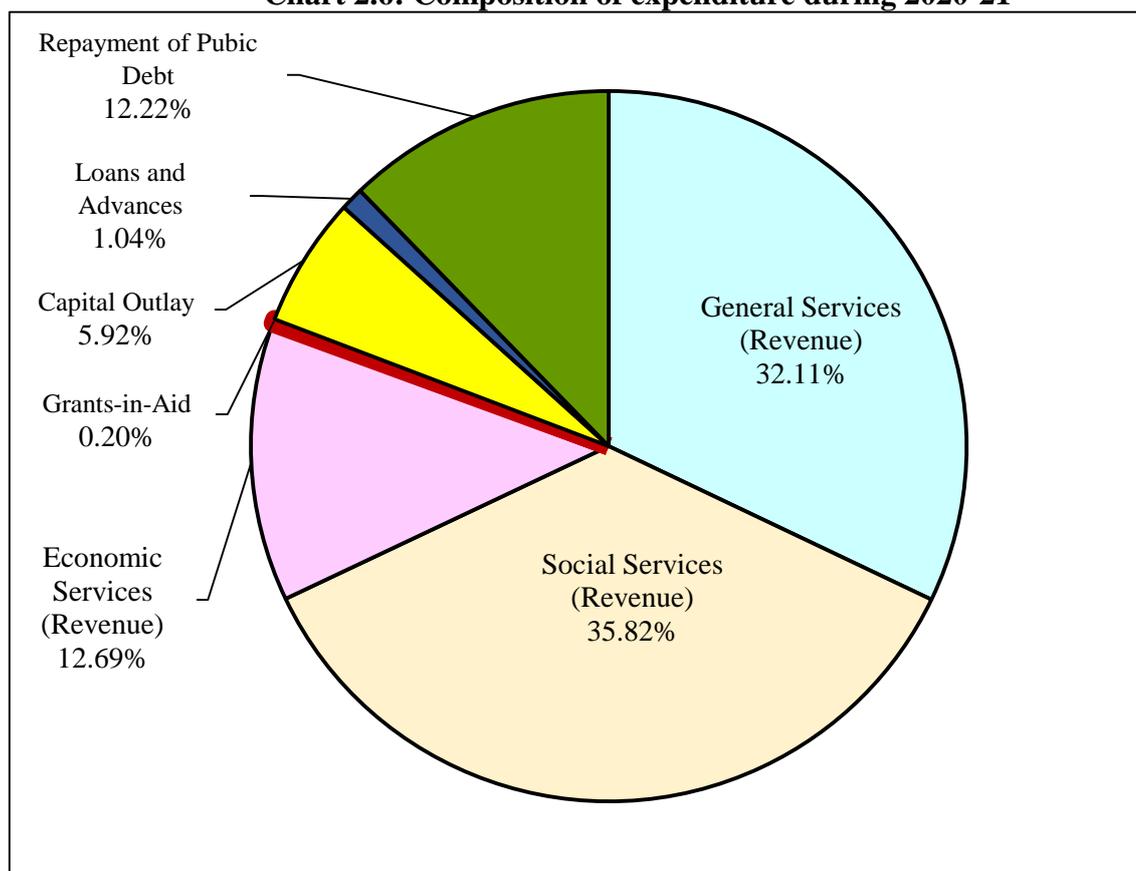
Source: Finance Accounts

Chart 2.5: Total expenditure - Expenditure by activities



Source: Finance Accounts

Chart 2.6: Composition of expenditure during 2020-21



Source: Finance Accounts

As is evident from the **Chart 2.4**, Capital Outlay (CO) had increased significantly during 2016-19, with its share as a percentage of Total Expenditure (TE) increasing from 7.74 *per cent* in 2016-17 to 12.07 *per cent* in 2017-18 and further to 13.11 *per cent* during 2018-19. From 2019-20, the share of CO, however, witnessed a declining trend from 8.88 *per cent* in 2019-20 and further to 6.74 *per cent* in 2020-21. This is attributable to the fact that RE with respect to TE in the current year went up to 92.08 *per cent* whereas during 2019-20 it had remained at 90.41 *per cent*. The major components of RE i.e., salary, interest payments and pensions increased by 16.66, 6.68 and 22.52 *per cent* over the previous year.

2.8 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

The overall revenue expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and revenue receipts during 2016-21 are shown in **Table 2.11**.

Table 2.11: Revenue Expenditure- Basic Parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Total Expenditure (TE)	1,46,451	1,60,414	1,80,956	1,79,812	1,93,232
Revenue Expenditure (RE)	1,33,918	1,41,077	1,56,374	1,62,575	1,77,921
Rate of Growth of RE (<i>per cent</i>)	12.70	5.35	10.84	3.97	9.44
Revenue Expenditure as percentage of TE	91.44	87.95	86.42	90.41	92.08
RE/ GSDP (<i>per cent</i>)	15.35	14.47	14.19	13.46	13.68
RE as percentage of RR	113.65	107.47	107.12	113.76	119.90
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.35	0.46	0.83	0.41	1.22
Revenue Receipts (ratio)	1.72	0.47	0.97	(-)1.89	2.46

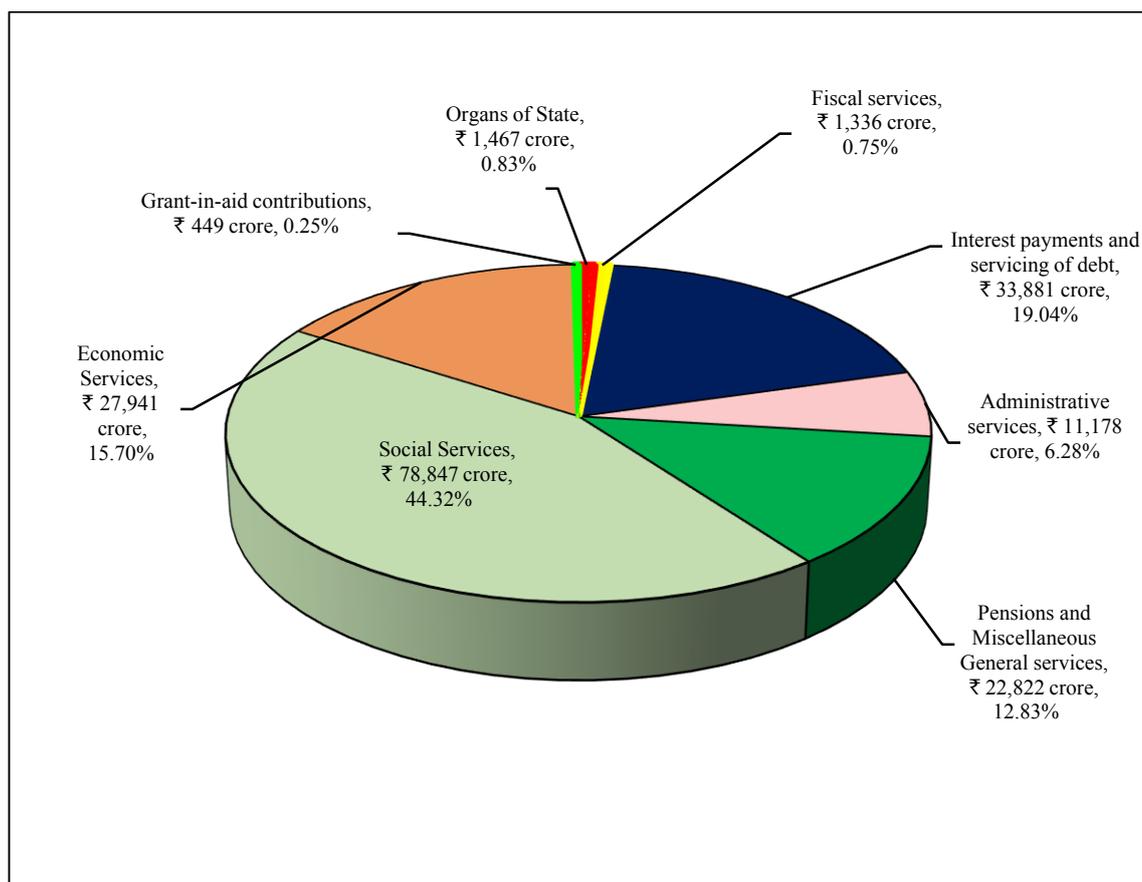
Source: Finance Accounts

Revenue Expenditure (RE) constituted a significant portion of the total expenditure. Its share in total expenditure (TE) increased by 1.67 *per cent* over the previous year. This was due to significant growth of RE (9.44 *per cent*) during 2020-21 compared to growth of 3.97 *per cent* in 2019-20. While analysing the last five years' data, it was observed that RE as a percentage of RR was highest during 2020-21, indicating increased Revenue Deficit. As can be seen from the above table, buoyancy of RE with GSDP though higher during 2016-17, dipped to less than one during 2017-20 and further rose to 1.22 during 2020-21, indicating that RE remained more buoyant *vis-à-vis* GSDP. Buoyancy of RE *vis-à-vis* RR during 2017-20 was below one, indicating that the growth of RE remained more buoyant than RR. During 2020-21, this ratio turned to 2.46 as the rate of growth of RE exceeded the RR by 5.61 *per cent* over the previous year.

During 2016-21, the excess of RE over RR ranged between 7.12 and 19.90 *per cent* leading to Revenue Deficit (RD). RD was financed through borrowing which in turn adversely affected creation of assets and wealth generation.

Sector-wise distribution of Revenue Expenditure during 2020-21 has been shown in **Chart 2.7**.

Chart 2.7: Sector-wise distribution of revenue expenditure during 2020-21



Source: Finance Accounts

2.8.1 Major changes in Revenue Expenditure

Revenue Expenditure (₹ 1,77,921 crore) increased by 9.44 per cent (₹ 15,346 crore) over the previous year. Increase in General Services by 14 per cent (₹ 8,753 crore) followed by Social Services by eight per cent (₹ 5,757 crore) and Economic Services by three per cent (₹ 836 crore) set off by decrease in Grants-in aid and contributions by 0.05 per cent (₹ 0.23 crore) contributed to this growth.

In General Services, major increases were noticed in (i) payments of Pension by ₹ 3,931 crore (23 per cent), (ii) Interest Payment by ₹ 2,114 crore (seven per cent) and (iii) expenditure towards Police by ₹ 1,556 crore (22 per cent).

In Social Services, major increases were noticed in (i) Education, Sports, Art and Culture by ₹ 3,770 crore (12 per cent), (ii) Health and Family Welfare by ₹ 1,747 crore (17 per cent) and (iii) welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities by ₹ 1,565 crore (88 per cent) which was partially offset by decrease in Social Welfare and Nutrition by ₹ 2,011 crore (nine per cent).

In Economic services, major increases were noticed in Rural Development by ₹ 426 crore (three per cent) followed by Energy by ₹ 344 crore (33 per cent).

Significant variations noticed in major heads of account during 2020-21 *vis-à-vis* 2019-20 has been shown in **Table 2.12**.

Table 2.12: Variation in Revenue Expenditure during 2020-21 compared to 2019-20

Major Heads of Account	2019-20	2020-21	Increase (+)/ Decrease (-)
	(₹ in crore)		
2202- General Education	30,590	34,190	3,600
2049- Interest Payments	31,668	33,782	2,114
2210- Medical and Public Health	9,221	10,777	1,556
2071- Pensions and Other Retirement benefits	17,462	21,394	3,932
2055- Police	7,227	8,783	1,556
2245- Relief on account of Natural Calamities	1,683	3,606	1,923
2505- Rural Employment	8,725	10,737	2,012
2225- Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1,770	3,336	1,566
2235- Social Security and Welfare	18,532	15,508	(-),3,024
2515- Other Rural Development Programmes	7,581	5,669	(-),1,912

Source: Finance Accounts

The main reasons for variation in revenue expenditure with respect to the previous year were as follows:

- Assistance to Non-Government Primary Schools increased to ₹ 8,974 crore, an increase of 24.84 *per cent* from ₹ 7,189 crore in 2019-20;
- Expenditure on Public Health increased to ₹ 1,585 crore, an increase of 124.51 *per cent* from ₹ 706 crore;
- Expenditure on District Police increased to ₹ 5,781 crore, an increase of 21.69 *per cent* from ₹ 4,750 crore;
- Assistance to States from National Calamity contingency fund increased to ₹ 2,250 crore, an increase of 134.70 *per cent* from ₹ 959 crore;
- Expenditure on Minorities' Education increased to ₹ 1,209 crore, an increase of 68.67 *per cent* from ₹ 571 crore;
- Expenditure on Women's Welfare decreased to ₹ 988 crore, a reduction of 57.19 *per cent* from ₹ 2,308 crore; and
- Assistance to Gram Panchayats decreased to ₹ 1,576 crore, a reduction of 58.45 *per cent* from ₹ 3,794 crore.

2.8.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first

charge on Government resources. Upward trend in committed expenditure leaves the Government with lesser flexibility for development expenditure.

Components of Committed Expenditure during the period 2016-21 has been shown in **Table 2.13**.

Table 2.13: Components of Committed Expenditure

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Salaries & Wages	34,688	37,803	41,541	48,567	56,660
Of which, Grants-in-aid salary ¹⁸	19,417	21,510	23,574	27,815	32,592
Expenditure on Pensions	13,945	14,588	16,063	17,462	21,394
Interest Payments	25,703	28,074	28,911	31,668	33,782
Total	74,336	80,465	86,515	97,697	1,11,836
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	29.44	28.80	28.46	33.98	38.18
Expenditure on Pensions	11.84	11.11	11.00	12.22	14.42
Interest Payments	21.81	21.39	19.81	22.16	22.76
Total	63.09	61.30	59.27	68.36	75.36
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	25.90	26.80	26.57	29.87	31.85
Expenditure on Pensions	10.41	10.34	10.27	10.74	12.02
Interest Payments	19.19	19.90	18.49	19.48	18.99
Total	55.50	57.04	55.33	60.09	62.86

Source: Finance Accounts

As can be seen from **Table 2.13** above, committed expenditure constituted over 55 per cent of Revenue Expenditure during 2016-21, while it accounted for over 59 per cent and above of the Revenue Receipts of the State during the same period. During 2020-21, the share of committed expenditure with respect to Revenue Expenditure and Revenue Receipts was 63 and 75 per cent respectively.

- **Salaries and Wages**

Share of salaries in Revenue Expenditure varied between 26 and 32 per cent during 2016-21. During the year 2020-21, its share in RE increased by two per cent to 32 per cent. The increase during the year 2020-21 was ₹ 8,097 crore (16.66 per cent) compared to an increase of ₹ 7,026 crore (16.91 per cent) during 2019-20. Revision of pay with effect from 1 January 2020, pursuant to West Bengal Services (Revision of Pay and Allowance) Rules¹⁹, 2019 contributed to this increase. Expenditure on Salary grew at a CAGR of 13.05 per cent during the period 2016-21.

¹⁸ Salaries for employees of grantee bodies (e.g. aided schools and colleges), as distinct from government servants

¹⁹ Deemed effective from 1 January 2016, without having any arrears of pay from 1 January, 2016 to 31 December, 2019

- **Interest Payments**

Interest Payments accounted for 22.77 *per cent* of Revenue Receipts during 2020-21, which was higher than the ceiling of 18.26 *per cent* prescribed in the Fiscal Policy Strategy Statement (FPSS), placed along with the budget for 2020-21. Expenditure on Interest Payments (₹ 33,782 crore) grew by ₹ 2,114 crore (6.68 *per cent*) from the previous year (₹ 31,668 crore) due to increase in interest payment on Market loans by 14.43 *per cent*.

Besides this, GoWB paid interest of ₹ 65 crore for making repayment of CCL (availed through off budget route), taken during 2020-21 for funding various state sponsored schemes. The interest outgo on CCL was booked in the Accounts as grants-in-aid (₹ 59 crore) and loans disbursed (₹ 5 crore), instead of interest payment. As such, actual interest of ₹ 33,782 crore was understated by ₹ 65 crore with consequent overstatement of grants-in-aid (₹ 59 crore) and loans disbursed (₹ 5 crore).

- **Pensions**

Expenditure on Pension in Revenue Expenditure varied between 10 and 12 *per cent* during 2016-21. Pension payment grew at a CAGR of 11.29 *per cent* during this period. During 2020-21, expenditure on Pension increased by 22.51 *per cent* (₹ 3,931 crore) over 2019-20 owing to revision of pension from 1st January 2020, pursuant to WBS ROPA²⁰, 2019

2.8.3 Undischarged liabilities in National Pension System

Government introduced the 'National Pension System' (NPS) for All India Service (AIS) officers and other Central Government employees on Deputation to the State recruited on or after 1 January 2004. This scheme is not applicable for State Government employees.

During 2020-21, out of the required transfer of ₹ 8.80 crore to NSDL (National Securities Depositories Limited)/ Trustee Bank, only ₹ 8.75 crore was transferred, leaving a balance of ₹ 0.05 crore. Uncollected, unmatched and untransferred amounts, with accrued interest, represent outstanding liabilities under the Scheme.

2.8.4 Subsidies

Expenditure on subsidies for the period from 2016-17 to 2020-21 has been shown in **Table 2.14**.

Table 2.14: Expenditure on subsidies during 2016-21

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	9,587	11,677	13,403	9,709	12,377
Subsidies as a percentage of Revenue Receipts	8.14	8.90	9.18	6.79	8.34
Subsidies as a percentage of Revenue Expenditure	7.16	8.28	8.57	5.97	6.96

Source: Finance Accounts

²⁰ West Bengal Services (Revision of Pay & Allowances) Rules, 2019

Detailed payment of subsidy is shown in **Appendix-II** of the Finance Accounts. As can be seen from **Table 2.14** above, there was a steep upward trend in subsidies from 2016-17 to 2018-19. During 2020-21, there was a sharp increase in subsidies by ₹ 2,668 crore (27.48 per cent) from the level of ₹ 9,709 crore in 2019-20.

Increase in supply of subsidised rice to the APL/BPL families in the TPDS²¹ from ₹ 6,613 crore in 2019-20 to ₹ 8,810 crore during the current year was the main contributing factor. Besides this, Power and Transport subsidies also increased to ₹ 1,375 crore and ₹ 1,019 crore respectively from ₹ 1,019 crore and ₹ 883 crore in 2019-20. During 2020-21, subsidy as a percentage of revenue receipts and revenue expenditure increased by 1.55 and 0.99 per cent respectively over the previous year.

In the following two departments, the State Government incurred expenditure of ₹ 834 crore in the nature of subsidies during 2020-21 (**Table 2.15**).

Table 2.15: Details of expenditure in the nature of subsidies during 2020-21

Sl. No.	Scheme/Subsidy	Name of Department	Amount (₹ in crore)
1.	Grants to Kolkata Municipal Corporation/Howrah Municipal Corporation/Other Urban Local Bodies for adjustment of Energy Bills of Calcutta Electric Supply Corporation Limited/ West Bengal State Electricity Distribution Company Limited	Urban Development & Municipal Affairs	833.11
2.	State subsidy for supply of rice to the APL/BPL families in the TPDS	Food & Supplies	0.54
3.	Transport cost subsidy for carrying foodgrains through the State for smooth functioning of PDS	Food & Supplies	0.08
Total			833.73

Source: Appropriation Accounts of Government of West Bengal (2020-21)

It was seen that a major portion of the subsidies was spent on payment of electricity bills to ULBs and not for social and economic activities. Though, these were in the nature of subsidies, they were not reflected as subsidies and the subsidies shown in the accounts are understated to that extent.

2.8.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance of ₹ 63,131 crore was provided by the State Government to local bodies and other institutions by way of grants in 2020-21 (**Table 2.16**). There was an increase in the overall quantum of assistance by ₹ 1,509 crore (2.45 per cent) in comparison to the previous year (₹ 61,622 crore). Assistance as a

²¹ Targeted Public Distribution System

percentage of Revenue Expenditure, however decreased by three *per cent* to 35 *per cent*.

Table 2.16: Financial Assistance to Local Bodies and other Institutions

(₹ in crore)

Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
Local Bodies					
Municipal Corporations and Municipalities	3,825	4,786	4,787	4,529	5,166
Panchayati Raj Institutions	14,347	15,180	11,678	13,466	11,285
Total (A)	18,172	19,966	16,465	17,995	16,451
Others					
Educational Institutions (Universities)	1,530	1,419	1,345	7,507	8,447
Development Authorities	382	320	295	0	0
Other Autonomous Bodies	2,137	2,008	1,403	0	0
Co-operative Institutions	211	305	214	249	147
Public Sector Undertakings (PSUs)	4,872	1,893	1,117	298	179
Non-Government Organisations (NGOs)	15,941	21,123	19,461	23,244	27,048
Others	9,430	7,931	17,289	12,329	10,859
Total (B)	34,503	34,999	41,124	43,627	46,680
Total (A+B)	52,675	54,965	57,589	61,622	63,131
Revenue Expenditure	1,33,918	1,41,077	1,56,374	1,62,575	1,77,921
Assistance as percentage of Revenue Expenditure	39	39	37	38	35

Source: Finance Accounts

During 2020-21, in order to implement various schemes, GoWB raised CCL of ₹ 4,312 crore through various Government owned or controlled Public Sector Enterprises or Societies, via the off-budget route. During 2020-21, Government had borne its commitments on account of principal (₹ 1,474 crore) and interest (₹ 59 crore) from its budget by way of grants-in-aid. Thus grant-in-aid of ₹ 63,131 crore was overstated by ₹ 1,533 crore with an understatement of principal repayment of debt (₹ 75,429 crore) and interest payments (₹ 33,782 crore) by ₹ 1,474 crore and ₹ 59 crore respectively.

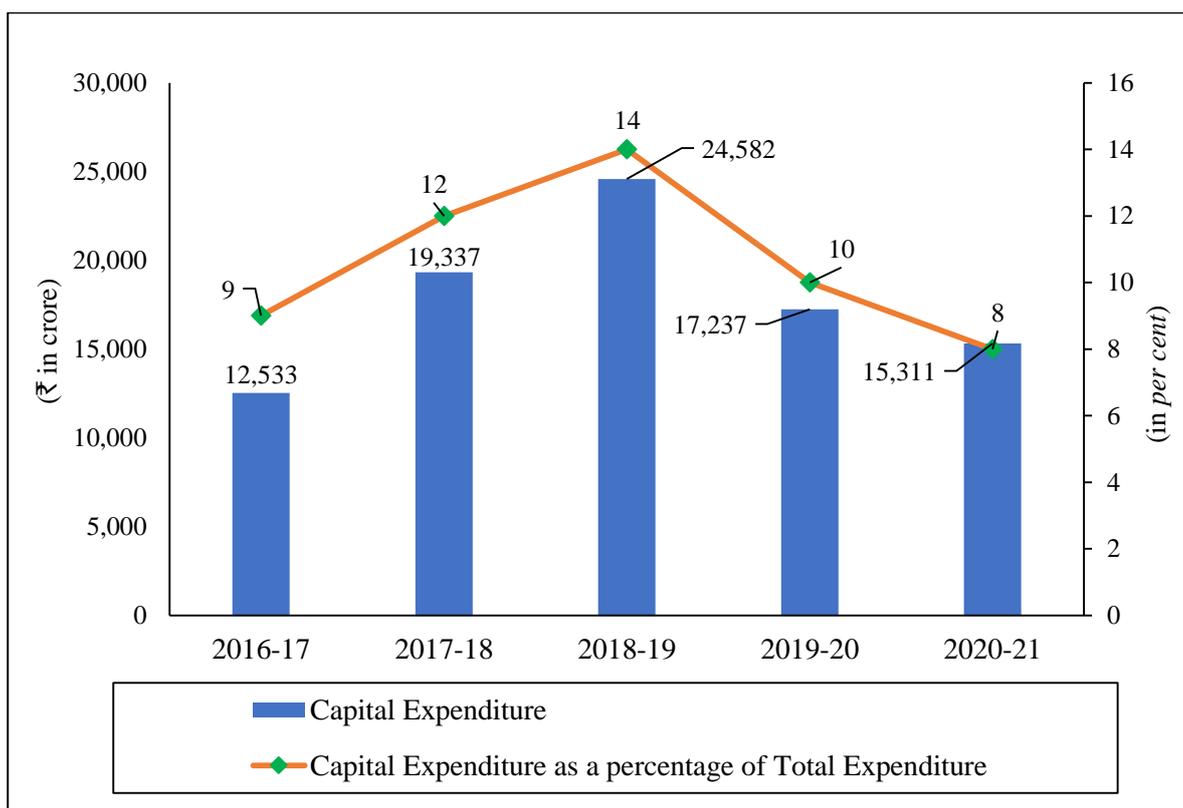
As can be seen from **Table 2.16**, 26.24 *per cent* of RE during 2020-21 was incurred on Financial Assistance to institutions where the State Government has no proper monitoring mechanism to ensure accountability. This is a matter of concern particularly when the State has Revenue deficit. Further out of 26.24 *per cent*, 80.90 *per cent* has gone to NGOs and others who are not accountable to the Government and do not come under the ambit of Audit.

The Public Sector Undertakings, Autonomous Bodies and Authorities had arrear of accounts as of March 2021 as discussed in **Paras 2.9.3** and **4.12**. Release of financial assistance without insisting on rendering timely accounts is detrimental to public accountability and indicated poor financial management.

2.9 Capital Expenditure

Capital Expenditure of the State and its contribution to Total Expenditure for 2016-21 has been shown in **Chart 2.8**.

Chart 2.8: Capital expenditure in the State



Source: Finance Accounts

Chart 2.8 shows that in the current year, capital expenditure as a percentage of total expenditure dropped by two *per cent*. The percentage decrease of capital expenditure is mainly due to increase in revenue expenditure by ₹ 15,346 crore (9.44 *per cent*) relative to total expenditure which rose by only ₹ 13,420 crore (7.46 *per cent*) over 2019-20.

Again, the booking of Capital Expenditure (₹ 15,311 crore) has to be viewed in the light of the fact that ₹ 1,187 crore was incorrectly booked under capital section instead of revenue (**Table 1.9** and **Para 3.3.2**). Out of ₹ 1,187 crore, expenditure of ₹ 504.36 crore in the nature of Grants-in-Aid was misclassified as Capital Outlay (CO) (**Para 2.9.1**).

2.9.1 Major changes in Capital Expenditure

Capital Expenditure comprises CO and disbursement of loans & advances. Major changes in CO during 2020-21 *vis-à-vis* 2019-20 has been shown in **Table 2.17**.

Table 2.17: Capital Outlay during 2020-21 compared to 2019-20

Major Heads of Accounts	2019-20	2020-21	Increase (+)/ Decrease (-)
	(₹ in crore)		
4515- Capital Outlay on other Rural Development Programmes	356	1,915	1,559
4210- Capital Outlay on Medical and Public Health	558	903	345
4700- Capital Outlay on Major Irrigation	347	600	253
4202- Capital Outlay on Education, Sports, Art and Culture	430	224	(-)207
4217- Capital Outlay on Urban Development	1,821	1,500	(-)321
4575- Capital Outlay on other Special Areas Programmes	974	561	(-)413
4235- Capital Outlay on Social Welfare and Nutrition	870	314	(-)556
4215- Capital Outlay on Water Supply and Sanitation	1,384	656	(-)728
4801- Capital Outlay on Power Projects	1,550	605	(-)945
5054- Capital Outlay on Roads and Bridges	4,128	3,047	(-)1,081

Source: Finance Accounts

The main reasons for variation in Capital Outlay with respect to the previous year were as follows:

- Road works under PMGSY increased to ₹ 1,801 crore, a rise of 659.92 *per cent* from ₹ 237 crore in 2019-20;
- Construction works for improvement of State Roads & Bridges decreased to ₹ 751 crore, a reduction of 38.79 *per cent* from ₹ 1,227 crore in 2019-20;
- Piped water supply schemes for Rural areas decreased to ₹ 296 crore, a reduction of 69.10 *per cent* from ₹ 958 crore;
- Multi-sectoral development scheme for minorities decreased to ₹ 11 crore, a reduction of 96.54 *per cent* from ₹ 318 crore; and
- Scheme for development of North Bengal decreased to ₹ 201 crore, a reduction of 49.11 *per cent* from ₹ 395 crore.

It can be seen from **Table 2.16** that assistance to NGOs had increased by 16.37 *per cent* (₹ 3,804 crore) and the overall position of Financial Assistance increased 2.45 *per cent* to ₹ 63,131 crore in 2020-21. In this backdrop, analysis of CO under three important sectors was undertaken to assess the approach

adopted by the State Government. The CO during the last five years under these sectors are shown in **Table 2.18**.

Table 2.18: Capital Outlay during 2016-21 in respect of some major areas

Major Heads of Accounts	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Roads and Bridges	1,887	3,528	5,059	4,128	3,047
Urban Development	1,419	2,365	1,906	1,821	1,500
Power Projects	725	827	1,752	1,550	605

Source: Finance Accounts

Analysis revealed that:

- Roads and Bridges led by CO of ₹ 1,108 crore for ‘Development/ Improvement of State Roads & Bridges’, witnessed a significant outlay during 2018-19 and 2019-20. In 2020-21, CO reduced significantly by 54.89 *per cent* with respect to the previous year owing to cuts imposed on outlay in all major infrastructure projects;
- There was an increase of CO of ₹ 946 crore in Urban Development during 2017-18 mainly due to development/ construction of roads/ buildings by KMDA, SJDA and other development authorities. However, from 2018-19 onwards, CO under this head registered a downward trend. In the current year, CO in this sector reduced by 17.63 *per cent* with respect to the previous year;
- In Power projects, CO significantly increased during 2018-19 owing to equity participation of the State Government in power utilities. In the current year, CO in Power reduced by 58.88 *per cent* over 2019-20.

It was observed that the expenditure on these sectors have significantly come down in 2020-21 by 18 to 59 *per cent* as compared to the PY. This indicated that there was a need to prioritise the significant areas of expenditure and accordingly align the budget so that the resources are effectively utilised.

Misclassification of grants-in-aid as Capital Outlay

As per Indian Government Accounting Standards (IGAS)-2, Grants-in-aid in the nature of pass-through grants is classified as revenue expenditure.

The Centrally Sponsored Scheme AMRUT²² was introduced (June 2015) by GoI with the aim to improve basic infrastructure by developing sewerage connection, greenery and reduction of pollution. As per para 7.6 of AMRUT guidelines, funds were to be provided to ULBs through the States. Accordingly, these grants are in the nature of pass-through grants and shall be booked as revenue expenditure in the books of the State Government.

²² Atal Mission for Rejuvenation and Urban Transformation

During 2020-21, GoWB booked ₹ 504.36 crore in AMRUT which includes Central share²³ of ₹ 261.20 crore and State share of ₹ 243.16 crore. Audit noticed that the sanctioned amount was released to SUDA²⁴ for subsequent transfer of funds to ULBs for implementation of projects. As the funds are meant for creation of assets by the ULBs, the expenditure was to be booked as revenue expenditure. However, departing from the provision contained in IGAS-2, the funds were budgeted²⁵ and booked as capital outlay. Consequently, capital outlay was overstated by ₹ 504.36 crore with corresponding understatement of revenue expenditure and revenue deficit.

The practice of booking of grants-in-aid as Capital Outlay instead of as revenue expenditure in contravention of IGAS-2 was continued despite being pointed out in the 'State Finances Audit Reports' for the years 2016-17, 2017-18 and 2019-20.

2.9.2 Quality of capital expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, etc. Requisite steps have to be taken to infuse transparency in such financial operations. Analysis of investments and disbursement of loans and advances undertaken by the Government during the current year are discussed in the succeeding paragraphs.

2.9.3 Quality of investments and loans in the companies, corporations and other bodies

As of 31 March 2021, the State Government's investment stood at ₹ 18,288 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. During 2020-21, the total investment made by the Government was ₹ 134 crore with the major investments being in WBHDCL²⁶ (₹ 50 crore), BGVB²⁷ (₹ 33 crore) and WBSHWCSL²⁸ (₹ 16 crore). The average return on this investment remained negligible (0.01 per cent). The position of return on investments²⁹ during 2016-21 is given in **Table 2.19**.

²³ Released by Ministry of Housing & Urban Affairs on 23rd November 2020 and 1st December 2020

²⁴ State Urban Development Agency

²⁵ Being Central share of ₹ 550 crore and State share of ₹ 200 crore

²⁶ West Bengal Highway Development Corporation Limited

²⁷ Bangiya Gramin Vikash Bank

²⁸ West Bengal State Handloom Weavers' Co-operative Society Limited

²⁹ In Statutory Corporations, Government Companies, Co-operative Societies and Banks

Table 2.19: Return on Investment

Investment/return/ cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore) (A)	14,015	15,884	17,427	18,154	18,288
Return (₹ in crore) (B)	1	37	47	82	2
Return (<i>per cent</i>) (B/A*100)=C	0.01	0.25	0.28	0.45	0.01
Average rate of interest on Government Borrowings (<i>per cent</i>) (D)	7.99	8.04	7.67	7.66	7.34
Difference between interest rate and return (<i>per cent</i>) (D-C)=E	7.98	7.79	7.38	7.20	7.33

Source: Finance Accounts

The Government earned a meagre return of ₹ 2 crore in 2020-21 on its investment of ₹ 18,288 crore in various Corporations/ Companies. The return on investment was negligible at 0.01 *per cent* during 2020-21, far lower than the average rate of interest (7.34 *per cent*) paid by the Government on its borrowings.

In addition to investments in co-operative societies, corporations and companies, Government also provided loans and advances to many of these institutions/ organisations. **Table 2.20** presents the outstanding loans and advances as on 31 March 2021 along with interest receipts during the five-year period from 2016-17 to 2020-21.

Table 2.20: Quantum of loans disbursed and recovered during the last five years

Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Opening Balance of loans outstanding	14,999	12,963	12,718	12,779	13,979
Amount advanced during the year	1,197	(-)31	865	1,267*	2,277*
Amount recovered during the year	3,233	214	804	67	150
Closing Balance of the loans outstanding	12,963	12,718	12,779	13,979	16,106
Net addition	(-)2,036	(-)245	61	1,200	2,127
Interest received	833	1,031	548	122	118

Source: Finance Accounts; * Difference of ₹1 crore is due to rounding.

The total amount of outstanding loans and advances as on 31 March 2021 was ₹ 16,106 crore. The amount of loans disbursed during the year increased by 79.72 *per cent* from ₹ 1,267 crore in 2019-20 to ₹ 2,277 crore in 2020-21. State Government's borrowing commitments on account of CCL availed through off-budget route (Principal: ₹ 1,753 crore; Interest: ₹ 5 crore) by three PSUs³⁰, was accounted for as loan disbursements, which significantly contributed to the

³⁰ West Bengal Women Development Undertaking: ₹ 1,260.54 crore; West Bengal Scheduled Castes, Scheduled Tribes and Other Backward Classes Development and Finance Corporation: ₹491.50 crore; West Bengal Folk and Tribal Cultural Centre (₹ 5.05 crore)

increase during 2020-21.

Government loans to 11 Government Companies/Statutory Corporations/ Cooperatives amounting to ₹ 43 crore in 2020-21 did not specify any terms and conditions, like schedule of repayment, rate of interest, number of instalments, etc. Government was also providing loans to Government Companies/ Statutory Corporations and Autonomous Bodies, whose annual accounts were in arrears (**Para 4.12**).

Recovery of loans and advances increased by ₹ 83 crore from ₹ 67 crore in 2019-20 to ₹ 150 crore in 2020-21 due to increase in recovery of loans for Power Projects by ₹ 73 crore. Against the estimation, actual recovery was only 29.59 per cent. Interest received marginally decreased from ₹ 122 crore in 2019-20 to ₹ 118 crore in the current year. Low recovery led to arrears of ₹ 6,631 crore on account of principal (mainly on Government Companies: ₹ 4,099 crore and Statutory Corporations: ₹ 638 crore) and ₹ 9,326 crore on account of interest (mainly on Government Companies: ₹ 6,363 crore and Statutory Corporations: ₹ 986 crore) overdue for realisation as of 31 March 2021. None of these loans were, however, written off during the year.

Such significant arrears of principal and interest against disbursed loans and advances require formulation of a specific policy for addressing this issue. The Government may consider laying down a definitive plan/ strategy for recovery of loans and advances. Moreover, the Government kept releasing funds to many PSUs, without taking into account the meagre recovery thereof and on many occasions, even ignoring non-submission of accounts. This dilutes the accountability mechanism in utilisation of these loans by these PSUs.

2.9.4 Capital Outlay transferred to Public Account

West Bengal Compensatory Entry Tax Fund (WBCETF) was established (July 2012) to develop and facilitate trade, commerce and industry by constructing roads, transport, electricity infrastructure, etc. in the State and providing finance, grants and subsidies to the local bodies/government agencies for the specified purpose. Entry tax collected in the State was credited to the fund and actual expenditure initially accounted for under various heads in Consolidated Fund booked in WBCETF in reduction of expenditure in respective head of accounts where it was booked initially.

WBCETF operated under Public Works Department (PWD) had a negative balance of ₹ 437.21 crore as of 31 March 2020. During 2020-21, ₹ 300 crore was transferred to WBCETF from one capital outlay head (Major Head-5054). Disbursement from the WBCETF stood at ₹ 68.34 crore during 2020-21. Resultantly, the closing balance in WBCETF continued to remain adverse at ₹ 205.55 crore.

Such inadequate contribution to WBCETF, which was not sufficient to cover the closing balance as on 31 March 2020 as well as disbursement during 2020-21, was indicative of the accounting procedure being defective.

2.9.5 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective average of General Category States³¹ average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Expenditure priority of the State with respect to some key areas has been shown in **Table 2.21**.

Table 2.21: Expenditure priority of the State with regards to Health, Education and Capital expenditure

Particulars	AE/ GSDP	DE/ AE	CE/ AE	Education/ AE	Health/ AE
	(in per cent)				
General Category States (GCS) Average (2015-16)	16.89	70.61	18.78	15.45	5.45
West Bengal	16.57	64.29	10.05	16.17	5.95
General Category States Average (2020-21)	16.18	66.29	13.03	15.00	6.74
West Bengal	14.85	62.90	7.92	18.14	6.64

Source: Finance Accounts and MoSPI data

Note: AE: Aggregate Expenditure, CE: Capital Expenditure and DE: Development Expenditure

Analysis of expenditure priorities of the State revealed the following:

- The State lagged behind in the area of Development Expenditure in comparison to GCS. State's share of expenditure on economic services with respect to aggregate expenditure being 19.02 per cent attributed this. In case of the neighbouring States of Bihar, Odisha and Jharkhand, those ratios were 35.96, 34.10 and 25.45 per cent respectively.
- In the area of Capital Expenditure with respect to aggregate expenditure, though the difference between West Bengal and GCS decreased from the level of 2015-16, the State still lagged behind GCS in 2020-21 by 5.11 per cent.
- West Bengal laid emphasis on Social Sector spending. As a percentage of aggregate expenditure, spending on this account was higher than the combined average of GCS (38.97 per cent) by 4.92 per cent. Two of the neighbouring States (Jharkhand: 34.96 per cent and Odisha: 38.68 per cent) lagged behind West Bengal (43.89 per cent).

³¹ States other than North Eastern (NE) and Himalayan States

- West Bengal fared favourably in its focus on Education (₹ 35,053 crore) in comparison to other GCS. As a percentage of aggregate expenditure, the State's performance (18.14 *per cent*) was higher than Bihar (17.55 *per cent*), Odisha (15.25 *per cent*) and Jharkhand (14.16 *per cent*).
- In the current year, State's performance in the Health sector (₹ 12,832 crore) was marginally lower than the combined average of GCS. As a percentage of GSDP, expenditure on health remained at 0.99 *per cent*. The State's expenditure on this count (6.64 *per cent*) was lower than Bihar (23.82 *per cent*) and Odisha (6.86 *per cent*) but higher than Jharkhand (5.72 *per cent*).

2.9.6 Object head wise expenditure

Finance Accounts depict transactions only up to Minor Head level. Therefore, a drill down view of budgetary allocations and the extent of expenditure incurred at the object heads (₹ 10,000 crore and above) are given in **Table 2.22**.

Table 2.22: Object Head-wise Expenditure *vis-à-vis* budget authorisation

Head	Budget	Actual Expenditure	Utilisation
	(₹ in crore)		(in <i>per cent</i>)
Grants-in-Aid-General	44,916	30,539	67.99
Interest/ Dividend	35,998	33,703	93.62
Grants-in-Aid-Salaries	30,133	32,592	108.16
Major Works/ Land and Buildings	27,546	12,678	46.02
Salaries	20,915	19,840	94.86
Pension/ Gratuities	20,785	21,320	102.58
Subsidies	11,713	12,377	105.67

Source: Voucher Level Computerisation, Office of the Pr. Accountant General (A&E), West Bengal

As can be seen from the above table, expenditure exceeded the budgetary allocation under three object heads. Under two object heads, budgetary allocation of above 90 *per cent* was spent while in one object head, the utilisation was below 50 *per cent*. The total expenditure during 2020-21 was ₹ 1,93,232 crore. Out of this, Salaries including Grants-in-Aid salaries and Interest/ Dividend accounted for 27.13 and 17.44 *per cent* respectively.

2.10 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. The Government acts as a banker in respect of

these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.10.1 Increase/decrease of net balances in Public Account

Component-wise increase/decrease in net balances in Public Account of the State are given in **Table 2.23**.

Table 2.23: Component-wise increase/decrease in net balances in Public Account as of 31 March of the year

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
		(₹ in crore)				
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	857	1,164	1,128	1,593	2,288
J. Reserve Funds	(a) Reserve Funds bearing Interest	867	(-978)	215	887	774
	(b) Reserve Funds not bearing Interest	1,356	133	2,199	645	(-)1,210
K. Deposits and Advances	(a) Deposits bearing Interest	1,385	1,846	3,373	2,749	3,340
	(b) Deposits not bearing Interest	3,103	761	2,339	(-)93	(-)2,274
	(c) Advances	0	0	0	0	0
L. Suspense and Miscellaneous	(a) Suspense	41	54	139	182	(-)227
	(b) Other Accounts	(-)770	1,580	(-)1,572	3,666	35
M. Remittances	(a) Money Orders, and other Remittances	0	0	0	0	0
	(b) Inter-Governmental Adjustment Account	(-)23	5	2	(-)14	(-)1
Total		6,816	4,565	7,823	9,615	2,725

Source: Finance Accounts

Note: +ve denotes debit balance and -ve denotes credit balance.

Net Public Accounts Receipts decreased by ₹ 6,890 crore (71.66 per cent) over 2019-20 mainly owing to net outflow in the balances on (i) Suspense and Miscellaneous heads (₹ 4,040 crore), (ii) Reserve Funds (₹ 1,968 crore) and (iii) Deposits and Advances (₹ 1,590 crore) partially offset by net inflow in the balance on Small Savings and Provident Funds (₹ 695 crore). The details of Reserve Funds have been discussed in **Para 2.11** while details of Suspense, Remittances and Deposits & Advances have been discussed in **Chapter IV** of this Report.

2.10.2 Maintenance of West Bengal Electricity Regulatory Commission fund in Bank Accounts instead of Public Account

Article 266(2) of the Constitution of India provides that ‘All other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State’.

The West Bengal Electricity Regulatory Commission (WBERC) was constituted under the Electricity Act, 2003 (Act). Section 103 of the Act stipulates creation of a fund called ‘State Electricity Regulatory Commission Fund’ wherein receipts³² of the commission are to be credited and expenses therefrom are to be made. GoWB enacted the WBERC (Manner of application of Fund Rules), 2006, and in terms of rule 4 of these Rules, the WBERC was permitted to open a bank account for accommodating such receipts and making expenses therefrom. In keeping with the rule *ibid*, funds were kept in a bank account and as of March 2021, ₹ 89.04 crore remained in bank account instead of public account of the State.

Resultantly, not only the Constitutional mandate stood violated, but the Public Account balance also stood understated by ₹ 89.04 crore, which could have helped to finance the Fiscal Deficit. In this context, it may be mentioned that funds of Central Electricity Regulatory Commission are kept in Public Account of the GoI.

2.11 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of India/ State. Against the gross accumulated balance of ₹ 13,589 crore lying in these funds as on 31 March 2021, an amount of ₹ 11,663 crore was under 15 non-interest bearing Reserve Funds and ₹ 1,926 crore was under two Interest bearing Reserve Funds. There are no in-operative reserve funds in 2020-21. Out of the total accumulated balance in these funds, ₹ 11,026 crore (81.14 *per cent*) was invested.

2.11.1 Consolidated Sinking Fund

As per recommendation of the 12th Finance Commission, the State had set up the Consolidated Sinking Fund (CSF) for amortisation of loans. According to the guidelines, the State may contribute 0.5 *per cent* of the outstanding liabilities³³ at the end of the previous year to the CSF. During 2020-21, GoWB’s contribution was ₹ 907 crore of which Government’s contribution to CSF was only ₹ 100 crore and interest earned on investment from CSF was ₹ 807 crore. This, however, fell short of the prescribed contribution of ₹ 2,167.38 crore³⁴. The closing balance of ₹ 10,197 crore at the end of 31 March 2021 was invested.

³² (a) Any grants and loans made to the State Commission by the State Government; (b) all fees received by the State Commission under this Act; and (c) all sums received by the State Commission from such other sources as may be decided upon by the State Government

³³ Public Debt and Liabilities in Public Account

³⁴ Based on 0.5 per cent of outstanding liabilities of ₹ 4,33,475 crore at the end of March 2020

2.11.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. In terms of the guidelines of the Fund, the contributions are to be transferred to the Public Account under Major Head 8121-122-SDRF.

As on 31 March 2021, a balance of ₹ 1,692.61 crore was lying in the fund, of which ₹ 183.63 crore remained invested. Contributions to the SDRF were effected through book adjustment without any actual cash involvement. The residual amount of ₹ 1,508.98 crore remained un-invested. Such non-investment goes against the spirit of the SDRF. Moreover, as transfer of fund was effected through book adjustment and no investment was made out of the SDRF, the residual amount of ₹ 1,508.98 crore merely remained as book balance in the Accounts. This also goes against the principle of cash basis of accounting which forms the cornerstone of Government Accounting.

2.11.3 Guarantee Redemption Fund

The Twelfth Finance Commission had recommended opening of the Guarantee Redemption Fund (GRF) for discharging the liability of the Government towards invocation of the guarantees extended by it. State Government had constituted the GRF in January 2015 and the closing balance as of March 2021 stood at ₹ 645.89 crore. During 2020-21, State Government did not contribute any amount against the required contribution of ₹ 40.89 crore³⁵.

The guidelines of GRF *inter alia* stipulated that guarantee commission collected was to be transferred to the fund. During 2020-21, guarantee commission³⁶ of ₹ 20.41 crore earned was not transferred to the GRF.

Non-payment of the required contribution and non-transfer of guarantee commission resulted in understatement of revenue deficit and fiscal deficit by ₹ 61.30 crore (Refer **Table 1.9**).

2.12 Debt Management

Outstanding debt (₹ 4,86,430 crore³⁷) during 2016-21 increased at a CAGR of 9.55 per cent. During 2020-21, the outstanding debt grew at a rate of 12.22 per cent which exceeded the growth during 2019-20 (10.21 per cent).

2.12.1 Debt profile: Components

The details relating to total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 are given in **Table 2.24**.

³⁵Based on 0.5 per cent of the outstanding guarantees (₹ 8,178.43 crore) as on 31 March 2020

³⁶Booked under '0075-Miscellaneous General Service-108-Guarantee Fees'

³⁷The effective outstanding fiscal liabilities would be ₹ 4,81,999 crore as GST compensation of ₹ 4,431 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Table 2.24: Component wise debt trends

	2016-17	2017-18	2018-19	2019-20	2020-21	
Outstanding Overall Debt* (₹ in crore)	3,37,682	3,60,961	3,93,300	4,33,475	4,86,430	
Public Debt	Internal Debt (₹ in crore)	2,82,069	3,01,778	3,26,064	3,60,464	4,04,017
	Loans from GoI (₹ in crore)	13,209	14,233	14,358	15,244	20,230
Liabilities on Public Account (₹ in crore)	42,404	44,950	52,878	57,767	62,183	
Rate of growth of outstanding Overall debt (percentage)	10.34	6.89	8.96	10.21	12.22	
Gross State Domestic Product (GSDP) (₹ in crore)	8,72,527	9,74,700	11,02,283	12,07,823	13,01,017	
Debt/ GSDP (per cent)	38.70	37.03	35.68	35.89	37.05 [#]	
Total Debt Receipts (₹ in crore)	1,04,895	1,27,580	1,61,383	1,81,007	1,86,034	
Total Debt Repayments (₹ in crore)	73,255	1,04,301	1,29,044	1,40,832	1,33,079	
Interest Payment (₹ in crore)	25,703	28,074	28,911	31,668	33,782	
Total Debt available (₹ in crore)	31,640	23,279	32,339	40,175	52,955	
Debt Repayments/ Debt Receipts (percentage)	69.84	81.75	79.96	77.80	71.53	

Source: Finance Accounts

*Outstanding Overall Debt refers to the cumulative balance of Public Debt and other Liabilities.

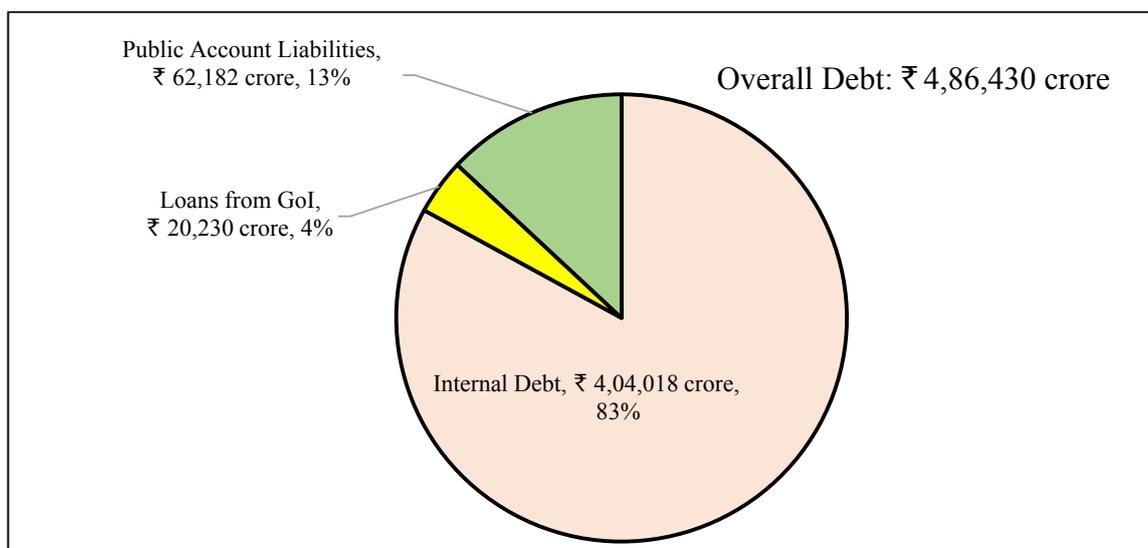
[#]The Debt to GSDP ratio as per the Finance Accounts is 37.39 per cent. However, the effective debt to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 4,431 crore received as back to back loan under debt receipts from the outstanding overall debt.

The effective outstanding overall debt would be ₹ 4,81,999 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 4,431 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Rate of growth of outstanding debt during 2020-21 surpassed its growth during 2019-20. Debt as a percentage of GSDP had also increased to 37.05 in 2020-21 from 35.89 in 2019-20 and it is much more than the target of 34.30 per cent set in the WBFRBM (Amendment) Act. Interest payments relative to Revenue Receipts at 22.77 per cent also crossed the target of 18.26 per cent set out in the FPSS presented with the budget as per FRBM Act. During 2019-20, this ratio was 22.16 per cent. The above three parameters indicate that Government's debt management was healthier in the previous year than in the current year.

Chart 2.9 represents the break-up of outstanding debt at the end of the financial year 2020-21.

Chart 2.9: Break up of Outstanding Overall Debt at the end of FY



Source: Finance Accounts

2.12.2 Debt sustainability

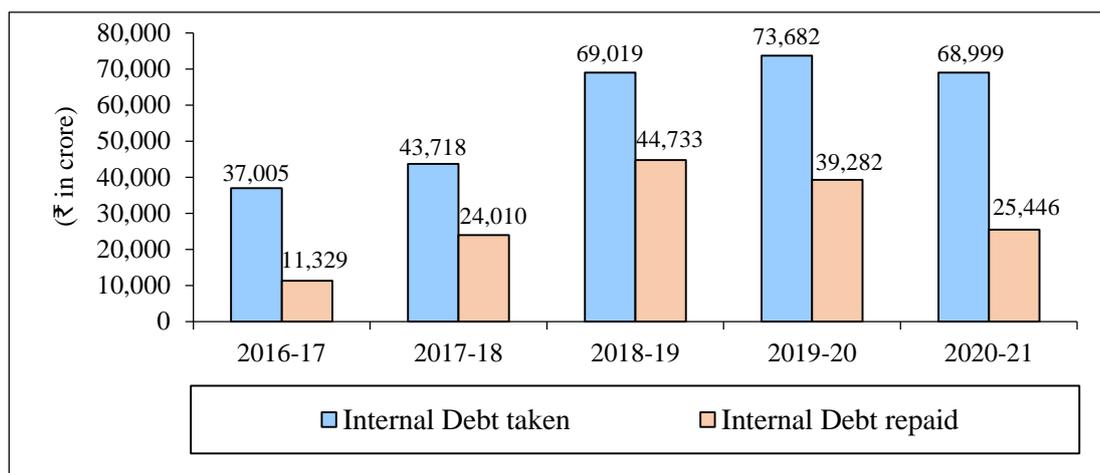
Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in the future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repayment of debt out of current and regular sources of revenue.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of interest payments to Revenue Receipts) and maturity profile of State Government debt.

During 2020-21, the ratio of debt to GSDP at 37.05 *per cent* crossed the ceiling of 34.30 *per cent* set in the WBFRBM (Amendment) Act 2020. The ratio of Interest payments to Revenue Receipts (22.77 *per cent*) was also above the ceiling of WBFRBM Act (18.26 *per cent*).

As discussed in **Paras 2.8.2** and **2.12.4**, of the CCL of ₹ 4,312 crore, raised through off-budget route by PSUs, repayment on account of principal was ₹ 3,226 crore thereby leaving a balance of ₹ 1,085 crore outstanding at the end of the year. Besides this, Government also paid interest of ₹ 65 crore for this CCL. Actual debt-GSDP ratio and ratio of interest payments to revenue receipts, therefore would be 37.47 and 22.81 *per cent* respectively instead of 37.05 and 22.77 *per cent*.

Internal debt taken *vis-à-vis* repaid during 2016-21 has been shown in **Chart 2.10**.

Chart 2.10: Internal debt taken vis-a-vis repaid

Source: Finance Accounts

Note: Internal debt taken and repaid included WMA of ₹1,208 crore in 2016-17, ₹5,395 crore in 2017-18, ₹25,005 crore in 2018-19, ₹15,860 crore in 2019-20 and ₹8,155 crore in 2020-21. Here Internal debt taken and repaid indicate the receipt and repayments under the Head of Account '6003'.

Chart 2.10 shows that internal debt taken rose steadily during the period 2016-20. During 2020-21, internal debt repaid reduced by 35.22 per cent whereas internal debt taken reduced by only 6.36 per cent over 2019-20. This led to increase in the availability of borrowed funds for utilisation out of internal debt to 63.12 per cent from 46.69 per cent in 2019-20. The ratio of 63.12 per cent would be changed to 60.89 per cent if the CCL of ₹4,312 crore raised by PSUs through off-budget route and repayment of ₹3,226 crore there-against by GoWB are factored in.

The above facts indicate that though the situation has improved in the current year, it still fell short as compared to utilisation of 69.39 per cent of the borrowed funds in 2016-17. This implied that a large portion of internal debt taken in the current year has been used to repay the debts taken in earlier years, as mentioned in **Para 2.13**. Higher repayment from internal debt led to contraction of productive expenditure.

2.12.3 Composition and Financing of Fiscal Deficit

Fiscal Deficit represents the total financing the State requires (predominantly by drawing on its cash and investment balances with the Reserve Bank of India and by borrowing) to meet the excess of revenue and capital expenditure (including loans and advances) over revenue and non-debt receipts. The composition and financing of fiscal deficit for the period from 2016-17 to 2020-21 has been shown in **Table 2.25**.

Table 2.25: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Composition of Fiscal Deficit	25,386	28,930	33,485	36,831	44,688
1 Revenue Deficit	16,086	9,807	10,399	19,661	29,527
2 Net Capital Outlay	11,336	19,368	23,025	15,971	13,034
3 Net Loans and Advances	(-)2,036	(-)245	61	1,199	2,127
Financing Pattern of Fiscal Deficit					
1 Market Borrowings	31,230	25,304	30,431	40,882	50,180
2 Loans from GOI	(-)457	1,024	125	886	4,986
3 Special Securities issued to NSSF	(-)5,893	(-)5,976	(-)6,125	(-)6,340	(-)6,340
4 Loans from Financial Institutions	340	380	(-)20	(-)143	(-)287
5 Small Savings, PF, etc.	857	1,164	1,128	1,593	2,288
6 Deposits and Advances	4,488	2,607	5,712	2,656	1,066
7 Suspense and Miscellaneous	(-)729	1,634	(-)1,433	3,848	(-)192
8 Remittances	(-)23	5	2	(-)14	(-)1
9 Reserve Fund	2,223	(-)845	2,414	1,532	(-)436
10 Contingency Fund	-	(-)1	(-)1	(-)11	5
11 Overall Deficit	32,036	25,296	32,233	44,889	51,269
12 Increase (-)/ Decrease (+) in cash balance	(-)6,650	3,634	1,252	(-)8,058	(-)6,581
13 Fiscal Deficit	25,386	28,930	33,485	36,831	44,688

Source: Finance Accounts

Fiscal Deficit (FD), both in quantitative terms and also in comparison to GSDP (3.43 per cent) increased over the previous year (3.05 per cent). High level of FD is good for the economy if the borrowing which financed the FD are used for creation of productive assets like highways, roads and bridges and other infrastructure projects that boost economic growth and results in job creation. Thus, there is a need to augment the capital outlay in order to accelerate growth and promote equitable growth. Reduction in the ratio of Net Capital Outlay to FD from 43.36 per cent in 2019-20 to 29.17 per cent indicates that creation of productive assets from the FD was much lower in the current year.

Borrowed funds, used for meeting revenue expenditure, create liability for future years without creating any assets. It is evident that, substantial amount of market borrowing (58.84 per cent) continued to be committed to finance the deficit on Revenue Account thereby restricting asset creation in the State. Borrowing to meet Revenue Deficit year after year would not augur well for State Finances in the long run since a substantial portion of the interest payment obligation would have to be met in the ensuing years.

Market borrowings continued to be the major component of borrowings during 2020-21. Revenue Deficit, Net Capital Outlay and Net Loans and Advances which contributed to 66.07, 29.17 and 4.76 per cent respectively of Fiscal Deficit

(₹ 44,688 crore) during 2020-21, was financed from Net Market borrowings to the extent of 89.06 *per cent*. Further, 25.97 *per cent* of the net inflow from market borrowings was used to finance net Capital Outlay.

2.12.4 Off-budget borrowings

The borrowings of the State Government are governed by Article 293(1) of the Constitution of India, under which the State Governments can borrow money within the territory of India upon security of the Consolidated Fund of the State. The limits on such borrowings are regulated under Article 293(3) of the Constitution of India under which the State must obtain prior consent of GoI to raise any loan. The State Government is, therefore, required to furnish to GoI, the financial statements showing the estimates of receipts and repayments of all sources of borrowings including open market borrowings, other liabilities arising out of Public Account transfers etc., based on which the GoI gives the consent for raising loans and fixes the borrowing ceiling for the State Government. GoI had fixed Net Borrowing of the State for 2020-21 at three *per cent* of the estimated GSDP in line with recommendations of the Finance Commission.

Off-budget borrowing refers to use of those financial resources by the State Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year or those years, for seeking grant/appropriation. Hence, these off-budget borrowings remain outside Legislative control. They are financed through State Government owned or controlled public sector enterprises or societies, which raise the resources through market borrowings on behalf of the State Government. However, the State Government has to repay and service the debt from its budget.

Audit noticed instances where the GoWB resorted to off-budget borrowing amounting ₹ 4,312 crore through six statutory body/State Government company by means of Cash Credit Loan (CCL) for financing its revenue spending during the year 2020-21 (**Table 2.26**). Though, these entities borrowed funds for financing various Government schemes, the expenditure on account of such borrowings are not disclosed in the budget or in the Finance Accounts of the State.

Table 2.26: Details of off-budget borrowing pertaining to 2020-21

Sl. No.	Loans raised by	Purpose of loans taken	Amount of loans raised	Principal repayment of loans	Outstanding at the end of the year
				(₹ in crore)	
1.	Swasthya Sathi Samiti under Health & Family Welfare department	Swasthya Sathi Scheme	720.66	551.24	169.41
2.	West Bengal State Seed Corporation Ltd under	Crop Insurance Coverage to farmers under Bangla Shasthya	638.16	638.16	-

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Sl. No.	Loans raised by	Purpose of loans taken	Amount of loans raised	Principal repayment of loans	Outstanding at the end of the year
			(₹ in crore)		
	Agriculture department	Bima Yojana (BSBY)			
		Farmers' Old age pension (FOAP) under Jai Bangla Scheme 2020	16.44	16.44	-
3.	West Bengal Folk & Tribal Cultural Centre under Information & Cultural Affairs department	Jai Bangla Scheme 2020 & Lok Prasar Prakalpa	75.20	75.20	-
4.	West Bengal Comprehensive Area Development Corporation under Panchayat & Rural Development department	Jai Bangla Scheme 2020	396.61	-	396.61
5.	West Bengal Women Development Undertaking under Women Child Development and Social Welfare department	Kanyashree	1,122.17	746.90	375.27
		Rupashree	485.93	353.56	132.37
		Jai Bangla Scheme 2020	365.12	353.42	11.70
6.	West Bengal Scheduled Castes, Scheduled Tribes and Other Backward Classes Development and Finance Corporation under the control of Backward Classes Welfare department	Taposili Bandhu & Jai Johor Pension Scheme under Jai Bangla Scheme 2020	491.50	491.50	-
Total			4,311.79	3,226.42	1,085.36

Source: Departmental figures; Difference of ₹0.01 crore is due to rounding.

Against the CCL of ₹ 4,312 crore raised during 2020-21, ₹ 1,474 crore and ₹ 1,753 crore respectively were repaid as principal through Grants-in-aid and disbursement of loans, as mentioned in **Paras 2.8.5** and **2.9.3** respectively, leaving a balance of ₹ 1,085 crore due upto March 2021. Thus, the borrowings of the above six entities are direct liabilities of the State Government despite being off-budget. These, off-budget borrowings not only reflect lack of disclosure in budget and accounts, but also puts expenditure incurred on various schemes out of these funds beyond the control and scrutiny of Legislature.

2.12.5 Debt Profile: Maturity and Repayment

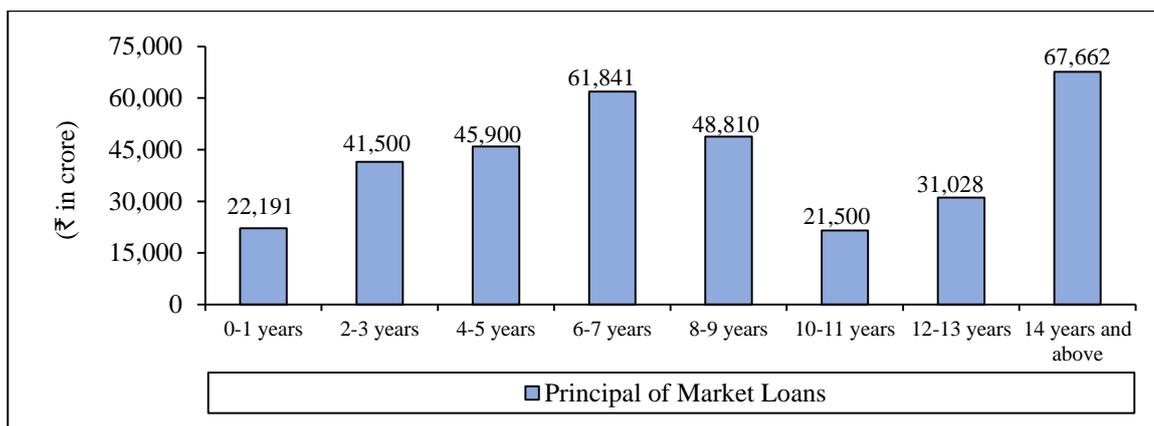
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. **Table 2.27** shows the debt maturity profile in the coming years.

Table 2.27: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	22,863	5.39
2 – 3	42,844	10.10
4 – 5	47,148	11.11
6 – 7	62,889	14.82
8 and above	1,72,107	40.57
Others ³⁸	76,396	18.01
Total	4,24,247	100.00

Source: Finance Accounts

In the ensuing three, five and seven years, debt maturity will be 15.49, 26.60 and 41.42 *per cent* respectively of total outstanding debt. Debt maturity would be much higher in the coming years given the fact that maturity details for ₹ 76,396 crore (18.01 *per cent* of total debt) are not available. Further, the CCL of ₹ 1,085.36 crore which has not been accounted for also remained outstanding. **Chart 2.11** represents the schedule of principal repayment of market loans.

Chart 2.11: Principal repayment schedule of market loans

Source: Finance Accounts

Market loans formed a significant portion of the debt repayments. By March 2041, the State would have to repay the principal of market loans amounting to ₹ 3,40,432 crore. At the end of the first, third, fifth and seventh years, the principal repayment of market loans would be ₹ 22,191 crore, ₹ 63,691 crore, ₹ 1,09,591 crore and ₹ 1,71,432 crore respectively.

2.12.6 Public Debt Sustainability Analysis

Public Debt Sustainability indicators during 2016-21 has been shown in **Table 2.28**.

³⁸ Payment schedule of this amount is not being maintained by the Pr. Accountant General (A&E).

Table 2.28: Public Debt sustainability indicators

Public Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt* (₹ in crore)	2,95,278	3,16,011	3,40,422	3,75,708	4,24,247
Rate of Growth of Outstanding Public Debt	9.34	7.02	7.72	10.37	12.92
GSDP (₹ in crore)	8,72,527	9,74,700	11,02,283	12,07,823	13,01,017
Rate of Growth of GSDP	9.44	11.71	13.09	9.57	7.72
Public Debt/ GSDP	0.34	0.32	0.31	0.31	0.33
Debt Maturity profile of repayment of State debt – including default history, if any	-	-	-	-	-
Average interest Rate of Outstanding Public Debt (<i>per cent</i>)	8.46	8.40	8.13	8.05	7.79
Percentage of Interest payment [§] to Revenue Receipts	20.29	19.55	18.28	20.16	21.00
Percentage of Debt Repayment to Debt Receipts	32.79	54.68	65.23	53.39	35.65
Net Debt available to the State [#] (₹ in crore)	1,310	(-)4,936	(-)2,268	6,472	17,374
Net Debt available as <i>per cent</i> to Debt Receipts	3.49	(-)10.79	(-)3.23	8.55	23.03
Primary Surplus (+)/ Deficit (-)	317	(-)856	(-)4,574	(-)5,163	(-)10,906
Debt Stabilisation (Quantum spread + Primary Deficit) (₹ in crore)	3,201	9,610	12,314	576	(-)11,229

Source: Finance Accounts

*Sum of balances under the Heads of Account '6003-Internal Debt' and '6004- Loans and Advances from the Central Government';

§Represents Interest Payment on Public Debt;

#Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

Analysis of the data contained in **Table 2.28**, revealed the following:

- Decrease of quantum spread³⁹ together with primary deficit, helped in increasing Public debt-GSDP ratio. In the initial year *i.e.*, 2016-17, there was primary surplus which was later converted to primary deficit during 2017-21 with an increase ranging between 13 and 434 *per cent*. In the current year, primary deficit rose by 111 *per cent* with respect to 2019-20;
- Increase in the Public Debt-GSDP ratio as the rate of growth of outstanding public debt (12.92 *per cent*) surpassed the growth of GSDP (7.72 *per cent*);

³⁹ Debt multiplied by rate spread (GSDP growth rate minus interest rate)

- Contraction in average interest rate of outstanding public debt from the year 2016-17 though Interest payment to Revenue Receipt increased by 0.84 per cent over 2019-20;
- Decrease in the ratio of debt repayment to debt receipt to 35.65 in 2020-21 from 53.39 in 2019-20 helped increase in availability of net debt by ₹ 10,902 crore.

2.13 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Utilisation of borrowed funds and trends of its utilisation during 2016-21 have been shown in **Table 2.29** and **Chart 2.12** respectively.

Table 2.29: Utilisation of borrowed funds

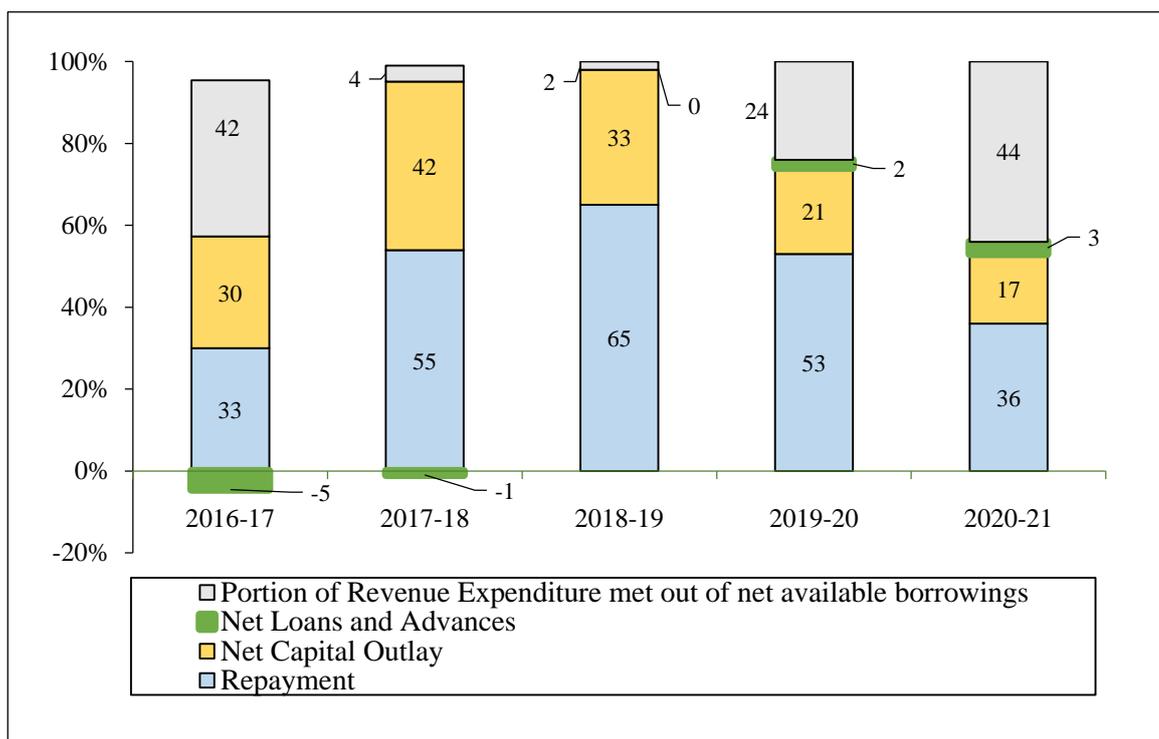
Year	2016-17	2017-18	2018-19	2019-20	2020-21
	(₹ in crore)				
Total Borrowings* (1)	37,524	45,743	70,197	75,699	75,429
Repayment of earlier borrowings (Principal)# (2)	12,304	25,011	45,786	40,413	26,889
Net capital outlay (3)	11,336	19,368	23,025	15,971	13,034
Net loans and advances (4)	(-)2,036	(-)245	61	1,200	2,127
Portion of Revenue expenditure met out of net available borrowings (5) = (1-2-3-4)	15,920	1,609	1,325	18,115	33,379

Source: Finance Accounts

*Represents total Public Debt Receipts during the year;

#Represents total Public Debt Repayments during the year

Chart 2.12: Trends of Utilisation of borrowed funds



Source: Finance Accounts

As can be seen from **Chart 2.12** above, there was little scope for utilisation of borrowed funds for developmental activities during 2017-20 since a significant portion of borrowed funds were used to repay the borrowings (53 to 65 per cent) made in earlier years. In the current year, the involvement on repayment from borrowings reduced to 36 per cent which led to increase in portion of revenue expenditure met out of borrowings to 44 per cent from 24 per cent in 2019-20. Nevertheless, utilisation of borrowed funds on revenue expenditure, capital outlay and disbursement of loans and advances being 64 per cent in the current year still remained less than 67 per cent in 2016-17.

As is evident from the above chart, the State could utilise only 17 per cent (₹ 13,034 crore) of the borrowed funds for net capital outlay which represented a decline from the range of 21 to 42 per cent in the preceding four financial years. Utilisation of borrowed funds for meeting commitment on net loans and advances in the current year was only three per cent (₹ 2,127 crore).

Apart from meeting its capital expenditure and repayments, as outlined above, the State utilised ₹ 33,379 crore (44 per cent) for discharging its Interest payment liabilities which represented around 99 per cent of total interest payment (₹ 33,782 crore). Thereby, commitments on account of repayments (Principal plus Interest) were ₹ 60,268 crore which was about 80 per cent of the total borrowings.

Utilisation of borrowed funds for meeting repayment of borrowings is not sustainable.

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 by the State Government. WBCGA⁴⁰ 2001 stipulates 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. Finance Department acts as the tracking authority in respect of guarantees. The outstanding guarantees including interest (₹ 8,212 crore) (Table 2.30) at the beginning of 2020-21 stood at 5.63 per cent of the total Revenue Receipts of the second preceding year (₹ 1,45,975 crore in 2018-19) and was thus well within the ceiling of the WBCGA.

Table 2.30: Guarantees given by the State Government

(₹ in crore)

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	77,863	98,759	1,06,049	1,18,143	1,31,378
Maximum amount guaranteed	15,613	15,034	16,050	14,228	15,292
Outstanding amount of guarantees including interest	7,817	8,570	6,603	8,212	7,821

Source: Finance Accounts

Out of total outstanding guarantees including interest as on 31 March 2021, share of Power Sector and Co-operatives stood at ₹ 4,740 crore (61 per cent) and ₹ 1,115 crore (14 per cent) respectively.

It was noticed that during 2020-21, Government raised borrowing through off-budget route amounting to ₹ 4,312 crore wherein Government was the guarantor. However, Guarantee Statement of the Government as mentioned in Budget Publication No. 6 of 2021-22 showed that the Government did not provide guarantee of ₹ 1,860 crore in respect of (i) West Bengal State Seed Corporation Limited (₹ 860 crore) under the Agriculture department and (ii) Comprehensive Area Development Corporation (₹ 1,000 crore) under the Panchayat & Rural Development department for availing CCL for funding of various schemes implemented by the State. Resultantly, maximum amount of guarantee (₹ 15,292 crore) as mentioned in the Finance Accounts remained understated by ₹ 1,860 crore. Such non depiction in the Budget Publication as well as in the Finance Accounts indicated lack of an internal control system in the Finance Department.

Further, in terms of Section 10 of the West Bengal Finance Act, 2002, the loanees for whom the State Government had provided guarantees to the financial

⁴⁰ West Bengal Ceiling on Government Guarantee Act

institutions, were required to pay guarantee commission at the rate of one *per cent* (minimum) on the total amounts guaranteed. Upto 2020-21, shortfall in receipt of guarantee commission was ₹ 259.04 crore as against the receivable commission of ₹ 516.02 crore, the State Government received only ₹ 256.98 crore. In the current year, the shortfall was ₹ 65.38 crore (76.21 *per cent*).

Short receipt of guarantee commission understated the revenue receipts by ₹ 65.38 crore.

On a review of the status of un-paid guarantee commissions of power utilities, the following were noticed:

- Outstanding guarantee commission amounting to ₹ 15.95 crore was paid by WBSSEDCL⁴¹ in 2020-21.
- WBPDCCL attributed shortage of cash flows for their inability to pay the outstanding guarantee commission of ₹ 33.09 crore at the end of 2020-21; and
- DPL stated that the company is facing financial crunch and is not in a position to pay the guarantee commission of ₹ 67.64 crore due at the end of 2020-21.

2.14 Management of Cash Balances

As per the agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD). The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

Cash balances and their investment during 2020-21 is shown in **Table 2.31**.

Table 2.31: Cash Balances and their investment

(₹ in crore)

Particulars	Opening balance on 1 April 2020	Closing balance on 31 March 2021
A. General Cash Balance		
Cash in treasuries	0.17	0.05
Deposits with Reserve Bank of India	(-)20.26	(-)20.37
Total	(-)20.09	(-)20.32

⁴¹ West Bengal State Electricity Distribution Company Limited

Particulars	Opening balance on 1 April 2020	Closing balance on 31 March 2021
Investments held in Cash Balance investment account	13,158.80	21,237.69
Total (A)	13,138.71	21,217.37
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	(-)0.36	(-)0.36
Permanent advances for contingent expenditure with department officers	2.63	2.64
Investment in earmarked funds	12,523.76	11,026.29
Total (B)	12,526.03	11,028.57
Total (A + B)	25,664.74	32,245.94
Interest realised	97.33	62.87

Source: Finance Accounts

Cash balance of the State Government at the end of the current year increased significantly by ₹ 6,581 crore (25.64 per cent) from ₹ 25,665 crore in 2019-20 to ₹ 32,246 crore in 2020-21. This was mainly due to increase in investment of cash balances by ₹ 8,079 crore from ₹ 13,159 crore in 2019-20 to ₹ 21,238 crore in 2020-21. The State Government earned an interest of ₹ 63 crore on these investments during 2020-21.

Out of the investment of ₹ 11,026 crore in earmarked funds, ₹ 10,197 crore was invested in the CSF, ₹ 646 crore in GRF and ₹ 183 crore in SDRF at the end of the year.

The cash balance investments of the State during the five-year period 2016-17 to 2020-21 are given in **Table 2.32** below.

Table 2.32: Cash Balance Investment Account (Major Head-8673)

Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
2016-17	6,853	12,546	5,693	273.84
2017-18	12,546	8,570	(-)3,976	364.75
2018-19	8,570	5,977	(-)2,593	164.84
2019-20	5,977	13,159	7,182	97.33
2020-21	13,159	21,238	8,079	62.87

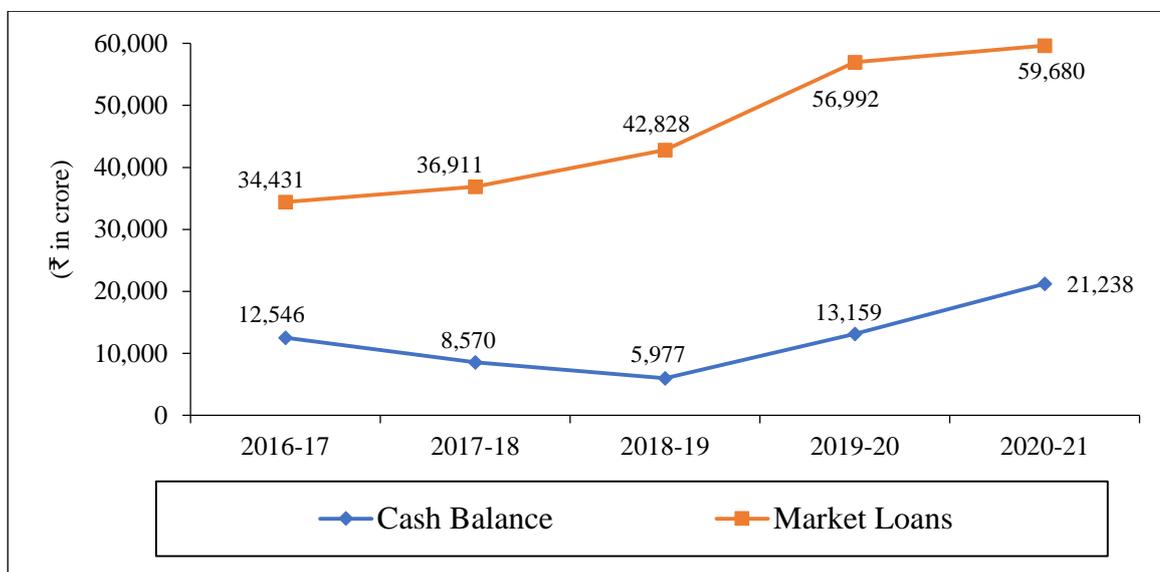
Source: Finance Accounts

Trend analysis of the cash balance investment of the State Government during 2016-21 revealed that investment increased significantly in 2020-21 and stood at 7.48 per cent of the State budget. However, interest earned from cash balance investment fell from 2017-18 onwards, indicating interest earned compressed in line with reducing average balances held in cash balance investment account.

Chart 2.13 compares the balances available in the cash balance investment account and the market loans taken by the State during 2016-21. Market loans

were taken at higher interest rates whereas investment in treasury bills yielded interests at lower rates.

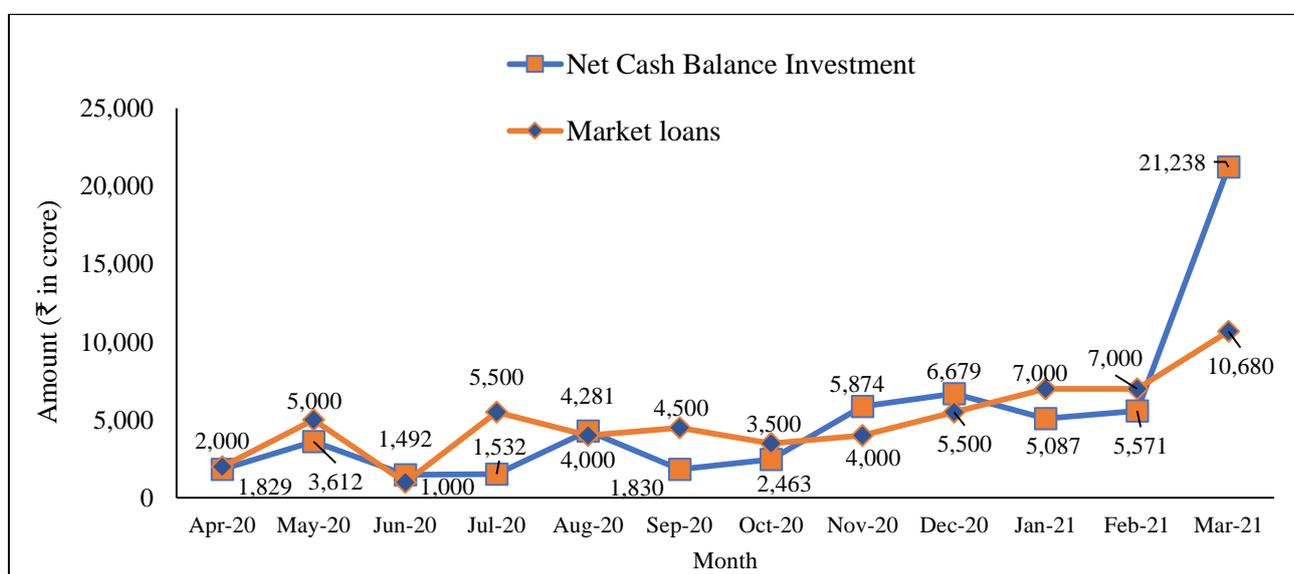
Chart 2.13: Market loans raised vis-à-vis Investments held in Cash Balance Investment Accounts



Source: Finance Accounts

Chart 2.14 compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

Chart 2.14: Month wise movement of Cash Balances Investment account and market loans during 2020-21



Source: Finance Accounts and O/o the Pr. AG (A&E), West Bengal

Chart 2.14 indicates that the State Government had taken recourse to market loans during the months of November, December and March during the year despite having sufficient cash balances. During the year 2020-21, the State Government raised ₹ 59,680 crore from the market while at the same time, the balances available in cash balance investment account increased from ₹ 13,159

crore in 2019-20 to ₹ 21,238 crore in 2020-21 indicating that Government could have avoided the borrowings to that extent.

Further, borrowings are normally resorted to for investment in capital projects and creation of assets. There has been a decrease in the capital outlay of the State during 2020-21 as compared to 2019-20, as brought out in **Para 2.13**. Therefore, there appears to be little rationale for borrowing at a higher rate of interest while the cash balances were significant throughout the year.

2.15 Conclusion and Recommendations

Positive Indicators	Parameters requiring close watch
Contribution of Non-tax revenue in the Revenue Receipts increased to 8.62 <i>per cent</i> from 5.30 <i>per cent</i> in 2019-20	Revenue Deficit to GSDP increased to 2.27 <i>per cent</i> from 1.63 <i>per cent</i> in 2019-20
	Fiscal Deficit to GSDP increased to 3.43 <i>per cent</i> from 3.05 <i>per cent</i> in 2019-20
	Committed expenditure to Revenue Receipts increased to 75.37 <i>per cent</i> from 68.36 <i>per cent</i> in 2019-20
	Capital Expenditure with respect to Total Expenditure decreased to 7.92 <i>per cent</i> from 9.59 <i>per cent</i> in 2019-20
	Interest Payment to Revenue Receipts increased to 22.77 <i>per cent</i> from 22.16 <i>per cent</i> in 2019-20
	Debt to GSDP increased to 37.05 <i>per cent</i> from 35.89 <i>per cent</i> in 2019-20

CHAPTER III

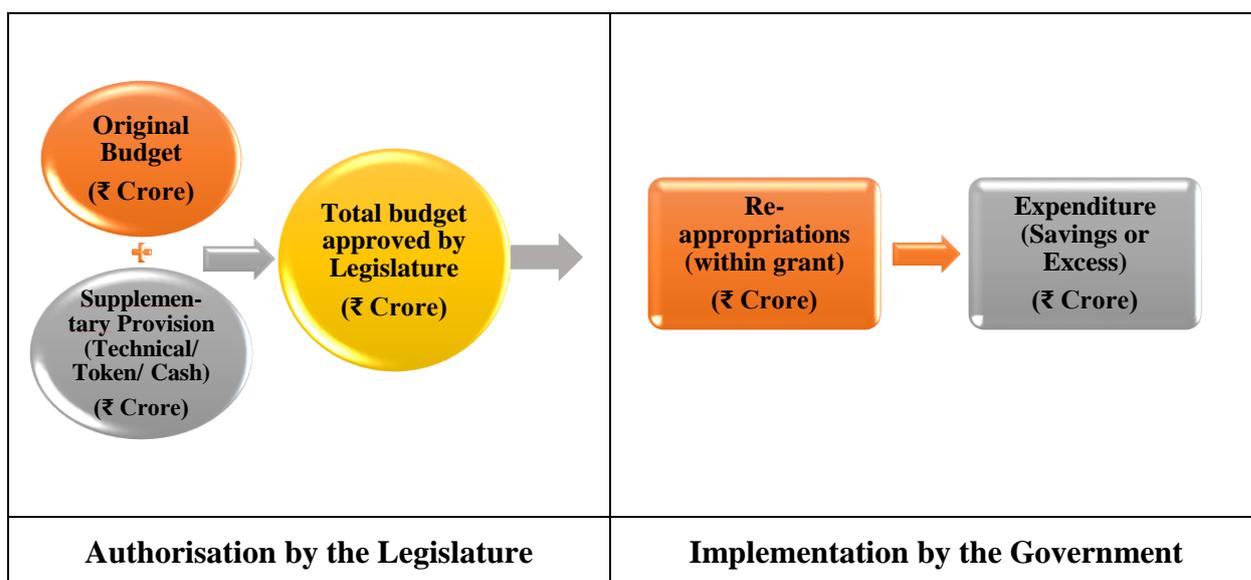
Budgetary Management

Chapter III

Budgetary Management

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. The various components of the budget are depicted in the chart below:



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and savings/ excess with its further bifurcation into voted/ charged is shown in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings/ excess during 2020-21

	Total Budget Provision		Disbursements		Saving		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
(₹ in crore)								
Revenue	1,62,847	36,599	1,49,359	34,109	18,815	2,566	5,327	76
Capital	36,047	48,362	16,320	26,906	19,860	21,524	133	68
Total	1,98,894	84,961	1,65,679	61,015	38,675	24,090	5,460	144

Source: Appropriation Accounts

Analysis of the budget provision, disbursements and savings/ excess during 2020-21 revealed that:

- Revenue (Voted) section had savings of 11.55 *per cent* in respect of 48 grants. This was mainly due to savings of ₹ 4,413 crore in Grant No. 40- Panchayats and Rural Development (P&RD) which accounted for 23.45 *per cent* of the savings of Budget Provision (BP) under this section. Major schemes representing savings of ₹ 2,952 crore in this grant were (i) Indira Awas Yojana (Central Share) (57.61 *per cent* savings of BP: ₹ 946 crore), (ii) MGNREGA (Central Share) (57.69 *per cent* savings of BP: ₹ 3,002 crore) and (iii) Assistance to Zilla Parishad for implementation of PMGSY scheme (75 *per cent* savings of BP: ₹ 900 crore).
- Revenue (Charged) section had savings of 7.01 *per cent* in respect of 17 grants. This was mainly due to savings of ₹ 2,463 crore in Grant No. 18- Finance which accounted for 95.99 *per cent* of the savings under this section. The contributing scheme which represented 100 *per cent* savings (₹ 2,400 crore) was '8.00 West Bengal loan (New loan)'.
- Capital (Voted) section had savings of 55.09 *per cent* in respect of 49 grants. This was mainly due to savings of ₹ 1,999 crore in Grant No. 72-Urban Development and Municipal Affairs (UD&MA) which accounted for 10.07 *per cent* of the savings under this section. Major schemes contributing to the savings were (i) Green City Mission (68 *per cent* savings of BP: ₹ 400 crore) and (ii) Development/ Construction Schemes for all Development Authorities (61.31 *per cent* savings of BP: ₹ 442 crore).
- Capital (Charged) section had savings of 44.51 *per cent* in respect of 16 grants. This was mainly due to savings of ₹ 21,497 crore in Grant No. 18- Finance which accounted for 99.87 *per cent* of the savings under this section. The major contributing scheme which represented 67.38 *per cent* savings of BP: ₹ 25,000 crore was 'WMA from the RBI (Normal and Special)'.
- Revenue (Voted) section had excess of 3.27 *per cent* in respect of nine grants. This was mainly due to excess of ₹ 2,627 crore in Grant No. 73- Disaster Management and Civil Defence which accounted for 49.31 *per cent* of the excess under this section. The contributing scheme which represented 100 *per cent* excess (₹ 2,250 crore) was 'Transfer to Reserve Fund and Deposit Accounts from NDRF'.
- Revenue (Charged) section had excess of 0.21 *per cent* in respect of six grants. This was mainly due to excess of ₹ 54 crore in Grant No. 8- Cooperation which accounted for 72 *per cent* of the excess under this section. The contributing scheme which represented excess was 'Loans from NCDC⁴²'.
- Capital (Voted) section had excess of 0.37 *per cent* in respect of two grants. This was mainly due to excess of ₹ 133 crore in Grant No. 79- Public Enterprises and Industrial Reconstruction against the scheme 'Loans to Durgapur Chemicals Limited'.

⁴² National Cooperative Development Corporation

- Capital (Charged) section had excess of 0.14 *per cent* in respect of Grant No. 8- Cooperation for the scheme ‘Loans from NCDC’.

3.1.2 Charged and voted disbursements

Charged and voted expenditure during 2016-21 including trend analysis of net savings and excess is discussed in **Table 3.2**.

Table 3.2: Details of disbursement, savings and excess (charged and voted) for the last five years

Year	Disbursements		Net Savings		Net Excess	
	Voted	Charged	Voted	Charged	Voted	Charged
	(₹ in crore)					
2016-17	1,22,244	38,513	18,881	31,535	Nil	Nil
2017-18	1,38,908	53,456	22,394	24,816	Nil	Nil
2018-19	1,56,129	75,346	11,324	Nil	Nil	2,818
2019-20	1,52,826	72,307	35,249	12,358	Nil	Nil
2020-21	1,65,679	61,015	33,215	23,946	Nil	Nil

Source: Appropriation Accounts;

Note: Net Savings (-)/Excess(+) arrived at after deducting the gross savings from the gross excess

During 2016-21, net savings under voted section ranged from ₹ 11,324 crore (6.76 *per cent*) to ₹ 35,249 crore (18.74 *per cent*) while net savings under charged section ranged between ₹ 12,358 crore (14.60 *per cent*) and ₹ 31,535 crore (45.02 *per cent*) except 2018-19 where net excess stood at ₹ 2,818 crore (3.89 *per cent*). Reasons for savings/excess have been explained below.

Savings of ₹ 2,052 crore and ₹ 2,544 crore respectively in 2016-17 and 2017-18 for the scheme ‘Sarva Shiksha Abhiyan’ under Grant No. 15-School Education while savings of ₹ 438 crore in 2018-19 and ₹ 3,053 crore in 2019-20 respectively for ‘Nirmal Bharat Abhiyan’ under Grant No. 40-P&RD⁴³ and ‘Supply of rice to APL/BPL families in the TPDS at subsidised rate’ under Grant No. 21-Food & Supplies contributed to the savings in the voted section. In the current year, savings in the following schemes contributed to the savings in the voted section.

- MGNREGA (Central Share) (savings: ₹ 1,732 crore; 57.69 *per cent*) under Grant No. 40- P&RD;
- Grant from Finance Commission for ULBs (savings: ₹ 1,343 crore; 66.09 *per cent*) under Grant No. 72- UD&MA⁴⁴ ;
- Financial Support to Krishak Bandhu (savings: ₹ 826 crore; 64.84 *per cent*) under Grant No. 5 – Agriculture.

⁴³ Panchayats and Rural Development

⁴⁴ Urban Development and Municipal Affairs

Major savings in the Charged section occurred due to savings of ₹ 22,772 crore and ₹ 18,585 crore respectively in 2016-17 and 2017-18 in 'Ways and Means Advances from the RBI-Special' under Grant No.18-Finance. During 2019-20, budget provision of ₹ 2,215 crore had been made to pay interest in the scheme 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' under Grant No. 18-Finance, though no new loan was taken in that year. In the current year also, high percentage of savings in this section was largely driven by Finance Department (₹ 23,960 crore), reasons for which are discussed below.

- In the scheme 'Ways and Means Advances from the RBI-Special', against the budget provision of ₹ 17,000 crore, expenditure was ₹ 6,390 crore leading to savings of ₹ 10,610 crore.
- In the scheme 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' budget provision of ₹ 2,400 crore to pay interest remained unutilised as no new loan was taken.

During 2018-19, excess in Charged section was owing to excess of ₹ 824 crore and ₹ 725 crore respectively in the schemes for 'Ways and Means Advances from the Reserve Bank of India –Overdraft' and '9.50 *per cent* Government of West Bengal (NSSF) Special Securities 2016' under Grant No 18-Finance.

3.2 Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Comments on integrity of the Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article 204 of the Constitution. Expenditure on a new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It can be seen from **Table 3.3** that expenditure of ₹ 111 crore was incurred for seven new schemes under four head of accounts without budget provision.

Table 3.3: Summary of Expenditure without Budget Provision

Grant/ Appropriation	Heads of Account	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
11	2235	10.72	3
25	4235	95.87	1
42	2251	3.37	2
65	2049	1.39	1
Total		111.35	7

Source: Appropriation Accounts

In the following major schemes, expenditure was incurred without budget provision:

- Setting up of relief camps in the district of Cooch Behar and in other Bangladeshi enclaves in India for rehabilitation of returnees from the Indian enclaves in Bangladesh (₹ 95.87 crore) under Grant No 25- Public Works; and
- Old Age Pension Scheme for Artisans and Weavers under Jai Bangla (₹ 10.72 crore) under Grant No.11-Micro, Small and Medium Enterprises and Textiles.

Incurring such expenditure without budget provision (original or supplementary) undermines the authority and will of the Legislature.

3.3.2 Misclassification of capital expenditure as revenue expenditure and charged expenditure as voted expenditure and vice versa

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements.

Audit noticed that ₹ 1,187 crore of Revenue Expenditure was incorrectly booked as Capital Expenditure as shown in **Table 3.4** below.

Table 3.4: Revenue Expenditure misclassified as Capital Expenditure

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
1.	Implementation of the schemes under AMRUT, Smart City Mission & also grants given to different municipalities for several developmental schemes	4217	2217	1,113.52
2.	Payment for hospital machineries & equipment and repair & renovation of Staff quarter and maintenance charge of Bio Medical equipment	4210	2210	40.45
3.	Payment of salary and wages of the employees under WBFDC Limited, Kalimpong	4406	2406	7.50
4.	Grants for construction of jetty	5056	3056	7.11
5.	Grants towards Transport corporations for various developmental works	5055	3055	6.49
6.	Dredging in river Muriganga in P.Ss Kakdwip & Sagar, Dist. South 24 Parganas	4711	2711	3.11

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
7.	Repair, rehabilitation of several bridges and surfacing works of different roads and payment of wages	5054	3054	2.48
8.	Repairing and maintenance of Road network in LPA leather Goods Zone in CLC, Bantala	4851	2851	1.66
9.	Subsidy towards FSSM beneficiaries under BGREI ⁴⁵ 2020-21	4401	2401	1.65
10.	Repair and maintenance work for Nawabad Bahadur institution	4202	2202	1.19
11.	Imp. Of Bishupur branch Canal re-sectioning and CC lining & repairing work of existing CC lining	4700	2700	0.50
12.	Grants to Pandabeswar block for two schemes	4575	2575	0.42
13.	Grants for construction of crematoriums	4059	2059	0.41
14.	Repair & renovation of FSG Godown and office building	4408	2408	0.27
15.	Repair & renovation of Banga Bhawan pathway at New Delhi	4059	2059	0.41
16.	Grant to WBTDCL for installation of CCTV for different tourist lodges	5452	3452	0.20
17.	Maintenance of civic services in Rural areas	4235	2235	0.03
Total				1,187.40

Source: Finance Accounts

Due to the above misclassifications, revenue deficit was understated by ₹ 1,187 crore as discussed in **Table 1.9** and **Para 2.9**.

3.3.3 Unnecessary or excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. Unnecessary supplementary grants (₹ 100 crore or more in each case) provided during 2020-21, is shown in **Table 3.5**.

Table 3.5: Details of cases where supplementary provision (₹ 100 crore or more in each case) proved unnecessary

(₹ in crore)						
Sl. No.	Name of the Grant	Original provision	Supplementary Provision	Total Provision	Actual Expenditure	Savings out of Provision
Revenue (Voted)						
1.	25-Public Works	1,617	201	1,818	1,516	302
2.	40-Panchayats & Rural Development	19,364	4,136	23,500	19,087	4,413
3.	72-Urban Development and Municipal Affairs	7,927	2,125	10,052	6,618	3,434
Total		28,908	6,462	35,370	27,221	8,149
Capital (Voted)						
1.	24-Health and Family Welfare	1,440	170	1,610	907	703

⁴⁵ Bringing green revolution to Eastern India

Sl. No.	Name of the Grant	Original provision	Supplementary Provision	Total Provision	Actual Expenditure	Savings out of Provision
2.	40-Panchayats & Rural Development	3,115	400	3,515	1,920	1,595
3.	65-Tribal Development	228	120	348	144	204
Total		4,783	690	5,473	2,971	2,502
Capital (Charged)						
1	18-Finance	44,245	4,036	48,281	26,783	21,498
Total		44,245	4,036	48,281	26,783	21,498
Grand Total		77,936	11,188	89,124	56,975	32,149

Source: Appropriation Accounts

It can be seen from **Table 3.5** that in all the cases, actual expenditure was less than the original provisions and hence the supplementary provisions were unnecessary. As such, further supplementary provisions of ₹ 6,462 crore, ₹ 690 crore and ₹ 4,036 crore in Revenue (Voted), Capital (Voted) and Capital (Charged) sections respectively proved unnecessary. As actual expenditure was only 73.10 per cent of the original provision, there was no need to augment the fund through supplementary provision. Thus the supplementary provision of ₹ 11,188 crore (14.36 per cent of original provision) proved unnecessary.

3.3.4 Re-appropriations undertaken require prior Legislative authorisation

Re-appropriation means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is thus allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down. The provisions relating to re-appropriation are laid down in individual State Budget Manuals. However, there are certain broad instructions that are universally applicable:

1. Limitation for Executive:

- (i) No re-appropriation is permissible from Capital to Revenue & vice versa.
- (ii) No re-appropriation is permissible from Voted to Charged & vice versa.
- (iii) No re-appropriation is permissible from one Grant to another.

During 2020-21, there was re-appropriation amounting to ₹ 1,211 crore in respect of 1,207 sub-heads constituting 48 grants. However, despite re-appropriation, there was savings of ₹ 2,972 crore in respect of 706 sub-heads and excess of ₹ 1,159 crore in respect of 110 sub-heads. Audit scrutiny further revealed that there were ten cases of savings (₹ 22.38 crore) and two cases of excess expenditure (₹ 0.27 crore) even after re-appropriation on the last working day.

Lapses noticed in re-appropriation cases are discussed in subsequent paragraphs.

3.3.5 Unnecessary, excessive or insufficient re-appropriation

- In 47 grants, re-appropriation amounting to ₹ 138 crore proved unnecessary in respect of 408 sub-heads.

- In 40 grants, re-appropriation amounting to ₹ 699 crore proved excessive in respect of 282 sub-heads.
- In 32 grants, re-appropriation amounting to ₹ 103 crore proved insufficient in respect of 92 sub-heads.

3.3.6 Unspent amount and surrendered appropriations and/ or large savings/ surrenders

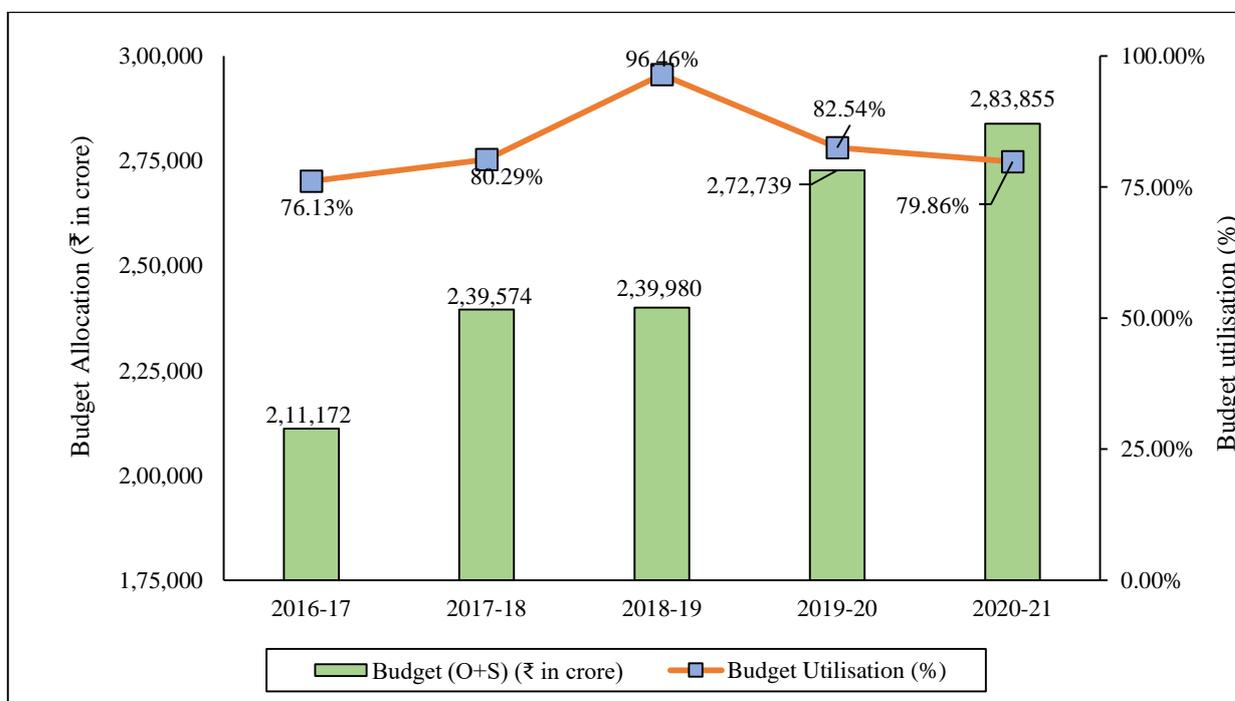
Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls etc., promote release of funds towards the end of the financial year resulting in funds remaining unspent. Excessive savings also deprives other departments of the funds which they could have utilised. During 2020-21, of the total savings of ₹ 62,765 crore, only ₹ 3,663 crore (5.84 per cent of savings) was surrendered leaving a balance of ₹ 59,102 crore. Again, of the surrendered amount, ₹ 1,156 crore (31.56 per cent) was surrendered on the last day of the financial year. The above instances indicate inadequate financial management on the part of the controlling officers.

Out of savings of ₹ 50,838 crore in respect of 11 grants having total savings exceeding ₹ 1,000 crore, only ₹ 2,173 crore was surrendered (4.27 per cent) leaving a balance of ₹ 48,665 crore. In Grant No. 21 – Food and Supplies, under Revenue (Voted) section, the surrendered amount (₹ 1,015 crore) exceeded the savings (₹ 240 crore) by ₹ 775 crore (322.92 per cent).

Total un-surrendered savings (94.16 per cent) as well as excess surrender over savings was indicative of ineffective budgetary control.

Budget Utilisation during 2016-17 to 2020-21 has been shown in **Chart 3.1**.

Chart 3.1: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts

Budgetary allocations during 2016-21 increased at a CAGR of 7.68 per cent. Utilisation of budget during that period ranged between 76 and 96 per cent. In

the current year, 20.14 *per cent* of budget allocation remained un-utilised whereas in the year 2018-19 it was only 3.54 *per cent*. Such instances of budgetary provisions remaining unutilised indicates lacuna in the budget preparation process.

3.3.7 Excess expenditure and its regularisation

Article 205(1)(b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

During 2020-21 in 15 grants, excess expenditure of ₹ 5,604 crore over provisions is yet to be regularised (Table 3.6).

Table 3.6: Summary of excess disbursements over grants/ appropriations during 2020-21

(₹ in crore)

Sl No.	Grant number- Name of Department	Revenue		Capital		Total
		Voted	Charged	Voted	Charged	
1	07-Backward Classes Welfare	380.67	1.01	-	-	381.68
2	08-Cooperation	-	53.86	-	68.44	122.30
3	18-Finance	440.22	-	-	-	440.22
4	24-Health and Family Welfare	352.35	1.62	-	-	353.97
5	43-Power	134.04	-	-	-	134.04
6	45-Public Health Engineering	79.82	-	-	-	79.82
7	58-Paschimanchal Unnayan Affairs	6.93	-	-	-	6.93
8	65-Tribal Development	-	1.39	-	-	1.39
9	68-Home and Hill Affairs	1,002.09	-	-	-	1,002.09
10	70-Higher Education	303.46	-	-	-	303.46
11	72-Urban Development and Municipal Affairs	-	7.13	-	-	7.13
12	73-Disaster Management and Civil Defence	2,627.26	-	-	-	2,627.26
13	74-Women & Child Development and Social Welfare	-	10.48	-	-	10.48
14	78-Non-Conventional and Renewable Energy Sources	-	-	0.20	-	0.20
15	79-Public Enterprises and Industrial Reconstruction	-	-	132.63	-	132.63
	Total	5,326.84	75.49	132.83	68.44	5,603.60

Source: Appropriation Accounts

3.3.7.1 Persistent excesses in certain Grants

A number of grants witness excess expenditure year after year. **Table 3.7** shows that in Revenue (Voted) section under Health and Family Welfare, excess expenditure persistently occurred from 2016-17 to 2020-21.

Table 3.7: Persistent excess of the department of Health & Family Welfare for 2016-21

Description of Grant/ Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
24-Health & Family Welfare (Revenue-Voted)	(₹ in crore)				
Total Provision	6,720	7,519	8,203	9,337	11,434
Actual Expenditure	6,888	7,894	8,383	10,112	11,786
Excess Expenditure	168	375	180	775	352

Source: Appropriation Accounts

On scrutiny, it was noticed that excess expenditure persistently occurred in the scheme 'Special Programme under NRHM (State share)' against the Head of Account '2210-03-800-013'. Such repeated excess over grants under Revenue-Voted category, approved by the State legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the State Legislative Assembly and, therefore, needs to be viewed seriously.

3.3.7.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. In 46 grants, excess expenditure of ₹ 38,924.26 crore for the period covering 2009-20 is yet to be regularised. For this purpose, the departments concerned are required to submit explanatory notes for excess expenditure to PAC through the Finance Department.

PAC, based on such explanatory notes and after due discussion with departmental heads in presence of Principal Accountant General (A&E) and Principal Accountant General (Audit-I), recommended⁴⁶ regularisation of excess expenditure under both voted grants and charged appropriations for the financial years 2009-14. However, the Government is yet to regularise the excess expenditure pertaining to the years 2009-14 as of September 2021.

3.3.8 Grant-in-aid for creation of capital assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including creation of assets.

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which

⁴⁶Recommendation for the years 2009-12 and 2012-14 given in November 2019 and February 2021, respectively

the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India. Misclassification of GIA as Capital Outlay and its impact on Revenue deficit is given in **Table 3.8**.

Table 3.8: Extent of classification of GIA as Capital Outlay

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
GIA booked as Capital Outlay	875	1,072	4,734	322	1,114
Total Capital Outlay	11,336	19,368	23,717	15,971	13,034
Share of GIA in Capital Outlay (in per cent)	7.72	5.53	19.96	2.02	8.55
Impact on Revenue Deficit (RD) (-)/ Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	RD (₹ 16,086 cr.) understated by ₹ 875 cr.	RD (₹ 9,807 cr.) understated by ₹ 1,072 cr.	RD (₹ 10,399 cr.) understated by ₹ 4,734 cr.	RD (₹ 19,661 cr.) understated by ₹ 322 cr.	RD (₹ 29,527 cr.) understated by ₹ 1,114 cr.

Source: Finance Accounts of respective years

Table 3.8 shows that due to booking of Grants-in-aid as Capital Outlay ranging between ₹ 322 crore and ₹ 4,734 crore during 2016-21, Revenue Deficit was understated to that extent.

3.4 Comments on effectiveness of the Budgetary and Accounting Process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds which they could have utilised. A summarised position of Actual Expenditure *vis-à-vis* Budget (Original/ Supplementary) provisions during the financial year is given in **Table 3.9**.

Table 3.9: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during the financial year

Nature of expenditure		Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	Per cent
		(A)	(B)	(C)=(A+B)	(D)	(E)=(C-D)	(F)	(G)=(F/E)*100
(₹ in Crore)								
Voted	I. Revenue	1,48,131	14,716	1,62,847	1,49,359	13,488	703	5.21
	II. Capital	31,705	328	32,033	14,043	17,990	765	4.25
	III. Loans & Advances	943	3,071	4,014	2,277	1,737	15	0.86
	Total	1,80,779	18,115	1,98,894	1,65,679	33,215	1,483	4.46
Charged	I. Revenue	33,286	3,313	36,599	34,109	2,490	0	0
	II. Capital	9	24	33	17	16	0	0
	III. Public Debt- Repayment	44,289	4,040	48,329	26,889	21,440	0	0
	Total	77,584	7,377	84,961	61,015	23,946	0	0
Appropriation to Contingency Fund (if any)		NIL						
Grand Total		2,58,363	25,492	2,83,855	2,26,694	57,161	1,483	2.59

Source: Appropriation Accounts; Difference of ₹ 1 crore is due to rounding.

Table 3.9 shows that net savings (₹ 57,161 crore) was 20.14 per cent of the total provision. Out of the 6,366 schemes, variations in savings or excess occurred in 2,394 schemes (37.61 per cent). However, no explanations were received for those variations. Non-receipt of explanations violates the basic norms approved by the PAC of West Bengal Legislature, adopted for comments on the Appropriation Accounts.

During 2020-21, in 28 new schemes (₹100 crore or more) ₹11,829 crore was initially allotted which was further revised to ₹11,169 crore. However, no expenditure was incurred against these schemes.

3.4.2 Rush of expenditure

Rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Maintaining a steady pace of expenditure is a crucial component of sound public financial management.

During 2020-21, in 20 grants constituting 49 sub-heads, entire expenditure was incurred in the month of March 2021. Out of this, in five grants constituting six sub-heads (₹ 10 crore and above), 100 per cent expenditure was incurred (Table 3.10).

Table 3.10: Sub-Head (Schemes) where entire expenditure was incurred in March 2021 (₹ 10 crore and above)

Sl. No.	Grant No.	Head of Account (up to Sub-head)	100 per cent expenditure in March 2021 (₹ in crore)
1.	15	2202-01-800-003 Provision for incentive for Development of Elementary Education	46.80
2.	24	4210-01-800-002 Setting Up of Second Campus of CNCI at New Town, Rajarhat	20.00
3.		2210-06-101-053 West Bengal Universal Eye Health Project- Chokher Alo	10.95
4.	74	2236-02-101-22 National Nutrition Mission (Central Share)	19.12
5.	68	2055-00-115-016 Projects under Crime and Criminal Tracking & Network System (CCTNS)	13.71
6.	55	4702-00-101-046 Matir Shristi (MATIRSRI) [WI]	12.04

Source: VLC Data

Table 3.11 shows that in one grant more than 50 per cent of the total expenditure was incurred in the month of March 2021.

Table 3.11: Grant with more than 50 per cent of expenditure in March 2021 alone

Sl. No.	Grant No.	Description	Total Expenditure	Expenditure in March	Expenditure in March as percentage of total expenditure
					(₹ in crore)
1.	78	Non-Conventional and Renewable Energy Sources	5.58	5.55	99.46

Source: VLC Data

3.5 New Schemes introduced in the Budget

Government introduced several new schemes in the budget for the fiscal year 2020-21. Some of the significant new schemes with scheme details and their financial implications are discussed in the **Table 3.12**.

Table 3.12: New Schemes introduced in the Budget

Sl. No.	Name of the scheme	Scheme details	Financial implications
1.	Bandhu Prakalpa for Scheduled Castes (SCs)	As per the Budget Speech, ₹ 2,500 crore was allocated for the scheme. The scheme involved payment of monthly pension of ₹ 1,000 to SCs (aged above 60 years), who are not covered under any other pension scheme.	Against the proposed allocation of ₹ 2,500 crore, budget provision of only ₹ 767 crore (31 per cent) was made. Government, however, spent a total of ₹ 1147 crore on the scheme, which represented only 46 per cent of the proposed allocation. The balance amount of ₹ 380 crore (₹ 1147 crore-₹ 767 crore), was

Sl. No.	Name of the scheme	Scheme details	Financial implications
			met through off budget borrowings raised by the WBCSST&OBC Development Finance Corporation (This aspect has been discussed in details in Chapter 2).
2.	Banglashree Prakalpa	As per the Budget Speech, ₹100 crore was allocated for the scheme. Under the scheme, assistance was to be given to the Micro, Small and Medium Enterprises (MSMEs), which started operations with effect from 01 April, 2019.	No funds were released by the Government during the fiscal year 2020-21 despite receipt of applications from 70 MSMEs for release of assistance under the scheme.
3.	Bina Mulya Samajik Suraksha	As per the Budget Speech, ₹ 500 crore was allocated for a scheme. Under this scheme, the State Government was to provide social security, including free Provident Fund benefits to beneficiaries.	Under the scheme, the Government made a budget provision of ₹368 crore (74 per cent of the proposed allocation). ₹ 192 crore was spent under the scheme, representing only 38 per cent of the proposed allocation.
4.	Chaa Sundari	As per the Budget Speech, ₹ 500 crore was allocated for providing housing facilities for permanent tea garden workers who did not have house of their own.	Against the proposed allocation of ₹ 500 crore, the budget provision was 3 per cent at ₹ 16 crore. The utilised amount was ₹ 0.43 crore, representing a meagre 0.01 per cent of the proposed allocation.
5.	Establishment of new MSME Parks	As per the Budget speech, ₹ 200 crore was allocated for establishment of 100 new MSME Parks. These parks were to be constructed within the next three years in order to attract MSME investment in the State.	Though the budget provision of ₹ 573 crore, was much higher than the proposed allocation, the utilisation remained at ₹ 66 crore (33 per cent of the proposed allocation).
6.	Hasir Alo	For providing free electricity to the poor people of the state, Government announced 'Hasir Alo' scheme. Under the Scheme, no electric charges were to be levied on all poor domestic consumers whose quarterly consumption of electricity was upto 75 units. As per the budget speech, ₹ 200 crore was allocated.	Against the allocation, the budget provision was ₹ 139 crore. However, the utilisation was ₹ 270 crore.
7.	Jai Johar Prakalpa for Scheduled Tribes (STs)	As per the Budget speech, ₹ 500 crore was allocated for the scheme. Under the scheme, STs above 60 years of age (not covered under any other scheme) were to be considered for Old Age Pension. The monthly pension was to be ₹1,000.	Against the proposed allocation of ₹ 500 crore, no budget provision was made. Government, however, spent a total of ₹ 206 crore on the scheme, which was only 41 per cent of the proposed allocation.
8.	Karma Sathi Prakalpa	As per the Budget speech, ₹ 500 crore was allocated for the scheme. Under the	Against the proposed allocation of ₹ 500 crore, Government provided for only

Sl. No.	Name of the scheme	Scheme details	Financial implications
		scheme, unemployed youths were to be provided soft loan and subsidy.	₹ 25 crore in the budget. The utilization remained at a meagre ₹ 0.22 crore (0.04 per cent of the proposed allocation).

Source: Budget Speech, Appropriation Accounts and Departmental figures

The above table indicates that budget provision and implementation of new schemes were not in accordance with the financial allocations announced in the budget speech.

3.6 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanism to curtail savings/ excess expenditure.
2. The State Government may consider writing back balance under Deposit Accounts to the respective Major/Minor Heads at the close of the year to ensure legislative scrutiny.
3. Excess expenditure over grants approved by the Legislature are in violation of the will of the Legislature. It therefore, needs to be viewed seriously and regularised at the earliest.
4. State Governments needs to formulate a realistic budget based on reliable assumptions of the needs of the departments and their capacity to utilise the allocated resources.
5. An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/ Appropriations are controlled, and anticipated savings are identified and surrendered within the specified timeframe.

CHAPTER IV

Quality of Accounts

&

Financial Reporting Practices

A sound internal financial reporting system 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 compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Public Account of the State

Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

It was observed that funds meant to be credited to the Public Account was not credited therein as discussed in detail below:

- **Non transfer of Cesses to the fund**

The West Bengal Rural Employment and Production Act, 1976 was enacted with the objective to provide for additional resources for promotion of employment in rural areas and for implementing rural production programmes. The Act envisaged a levy of surcharge on land revenue and imposition of Rural Employment Cess on all immovable properties on which road and public work cesses are assessed. The Act also envisaged creation of the West Bengal Rural Employment and Production Fund (WBREPF) for this purpose.

Further, the West Bengal Rural Primary Education Act, 1973 was enacted with the objective to make better provision for the development, expansion, management and control of primary education with a view to making it universal, free and compulsory. The Act envisaged imposition of Education cess on all immovable properties on which road and public work cesses are assessed. The Act also envisaged creation of the West Bengal Board of Primary Education Fund (WBPEF) for this purpose.

Audit noticed that WBREPF and WBPEF were not created by the State Government as of March 2021. During 2020-21, an amount of ₹ 1,688.78 crore⁴⁷ and ₹ 429.14 crore⁴⁸ were collected by the State Government as Rural Employment Cess and Primary Education cess respectively. Moreover, there were collections of ₹ 8.13 crore, ₹ 7.92 crore and ₹ 0.87 crore respectively on account of Road Cess, Public Works Cess and Miscellaneous receipts on cess.

⁴⁷ ₹ 1,682.22 crore on Rural Employment Cess on coal mines and ₹ 6.56 crore on Rural Employment Cess on other than tea estates and coal mines.

⁴⁸ ₹ 420.56 crore on Education cess on coal mines and ₹ 8.58 crore on Education cess on other than tea estates and coal mines.

Non-transfer of cess (₹ 2,134.84 crore) referred *ibid* resulted in overstatement of revenue receipts and understatement of revenue deficit and fiscal deficit to that extent (Refer **Table 1.9**).

4.2 Non-discharge of liability in respect of interest towards interest bearing reserve funds

The State Government has a liability to provide and pay interest on the amounts in the ‘Reserve Fund bearing Interest’. However, the State Government did not provide budgetary allocation for interest payments under the head of account ‘2049’ (revenue expenditure), although there were balances totaling ₹ 1,150.56 crore in the following Interest bearing reserve funds as on 31 March 2020, as indicated in **Table 4.1**.

Table 4.1: Non-discharge of liability in respect of interest towards interest bearing reserve funds

Sl. No.	Name of the Interest bearing reserve funds	Balance as on 31 March 2020	Amount of interest not provisioned
		(₹ in crore)	
1.	State Disaster Response Fund (SDRF)	914.98	37.79
2.	State Compensatory Afforestation Fund (SCAF)	236.48	8.28
Total			46.07

Source: Finance Accounts

Due to non-payment of interest⁴⁹ in the SDRF and SCAF, Revenue Deficit and Fiscal Deficit was understated by ₹ 46.07 crore (Refer **Table 1.9**).

4.3 Funds transferred directly to State implementing agencies

The Central Government had been transferring funds directly to State implementing agencies for implementation of various schemes/programmes in social and economic sectors. As these funds were not routed through the State budget/State Treasury system, the Annual Finance Accounts did not capture flow of such funds. Thus, to that extent, the State’s receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

With effect from 1 April 2014, GoI decided to release all assistance for Centrally Sponsored schemes/Additional Central Assistance to the State Governments. In West Bengal, however, transfer of Central funds directly to the State implementing agencies continued even during 2020-21 (**Appendix –VI of Finance Accounts, Volume-II**). Year-wise details of such transfers from 2016-17 to 2020-21 are shown in **Table 4.2**.

Table 4.2: Funds transferred to State implementing agencies by GoI

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Direct transfers to State implementing agencies	(₹ in crore)				
	5,397	9,891	5,800	11,677	26,198

Source: Finance Accounts for the respective years

⁴⁹ For SDRF- Interest calculated taking average Ways and Means interest @4.13 per cent for 2020-21 and for SCAF- Interest calculated taking interest @3.50 per cent (as per GoWB’s notification)

During 2020-21, GoI released ₹ 26,198 crore, of which the schemes involving major transfers of Central funds directly to State implementing agencies were ‘food subsidy for decentralized procurement of food grains under National Food Security Act (₹ 8,792 crore)’, payments for ‘Mahatma Gandhi National Rural Guarantee Program (₹ 9,719 crore)’ and ‘Indigenous Phosphorous and Potassium fertilizers (₹ 1,070 crore)’.

Issues related to transparency

4.4 Delay in submission of Utilisation Certificates

Rule 330A of the West Bengal Treasury Rules (WBTR) and Subsidiary Rules (SR) 1997 read with Finance Department’s order (August 2005) stipulates that Utilisation Certificates (UCs) in respect of Grants-in-aid received by the grantee should be obtained by the departmental officers from the grantees within one year from the dates of release of the grants provided for specific purposes.

Audit scrutiny revealed that as of March 2021, a total of 3,94,162 UCs in respect of grants aggregating ₹ 2,29,099 crore had not been submitted. Age-wise details of delays in submission of UCs is given in **Table 4.3**.

Table 4.3: Age-wise arrears in submission of Utilisation Certificates

Year	Opening Balance as on 1 st April 2020		Addition during 2020-21		Clearance during 2020-21		Due for submission upto 2020-21	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2018-19	3,56,570	2,00,756	-	-	91,495	47,714	2,65,075	1,53,042
2019-20	46,394	24,956	21,497	17,857	-	-	67,891	42,813
2020-21	-	-	-	-	-	-	61,196	33,244
Total							3,94,162	2,29,099

Source: Finance Accounts (2019-20 and 2020-21); Difference of ₹1 crore is due to rounding.

Note: UCs for the GIA disbursed during 2019-20 became due during 2020-21.

Though such instances of non-submission of UCs are being reported in the Reports of the CAG of India regularly, there has been no improvement as number of pending UCs and the amount increased by 59.91 per cent and 87.77 per cent respectively, over that reported in the Audit Report of 2016-17 (2,46,484 UCs for ₹ 1,22,008 crore).

Year-wise breakup of outstanding Utilisation Certificates is given in **Table 4.4**.

Table 4.4: Year-wise breakup of outstanding Utilisation Certificates

Year	Number of UCs	Amount (₹ in crore)
Upto 2011-12	1,50,307	34,880
2012-13	8,212	5,229
2013-14	5,606	4,969
2014-15	6,045	4,850

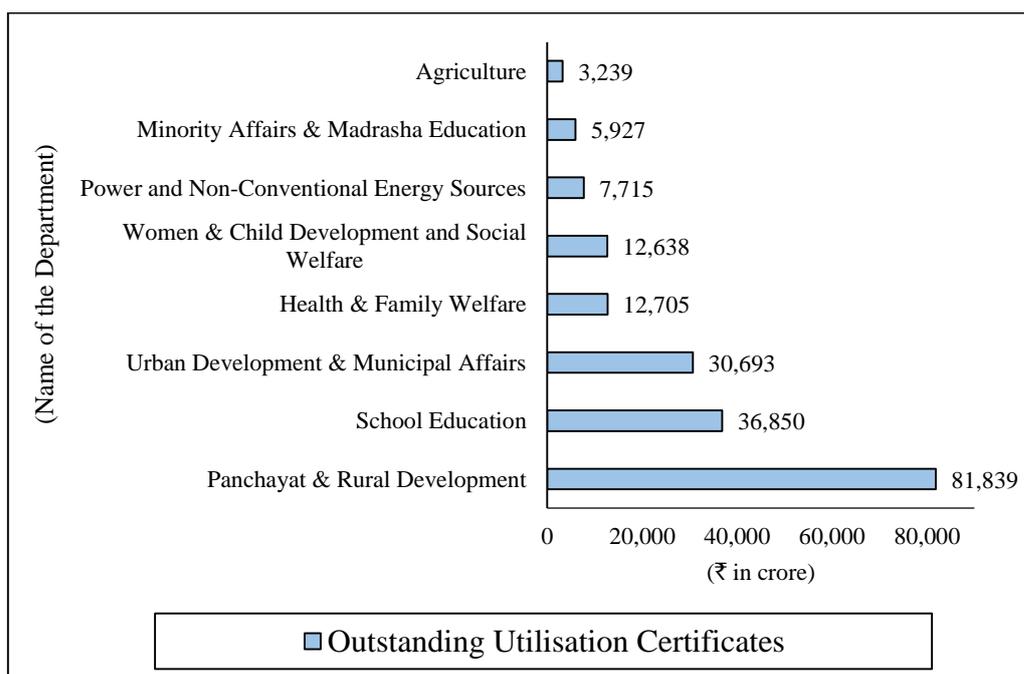
Year	Number of UCs	Amount (₹ in crore)
2015-16	3,894	4,696
2016-17	17,485	24,742
2017-18	32,667	36,250
2018-19	40,859	37,427
2019-20	67,891	42,813
2020-21	61,196	33,243
Total	3,94,162	2,29,099

Source: VLC data and Finance Accounts

It can be seen from **Table 4.4** that the outstanding UCs in 2018-21 accounted for 49.54 per cent of the total amount of the outstanding UCs.

Status in respect of eight departments with maximum amount of outstanding UCs (since 2002-03) is given in **Chart 4.1**.

Chart 4.1: Outstanding amount of UCs in respect of eight departments (since 2002-03)



Source: Finance Accounts

Major cases of non-submission of UCs upto 2020-21 pertained to the departments of Panchayat & Rural Development (81,950 UCs for ₹ 81,839 crore), School Education (38,117 UCs for ₹ 36,850 crore) and Urban Development & Municipal Affairs (34,837 UCs for ₹ 30,693 crore). Outstanding UCs of these three departments accounted for 39.30 per cent of the total UCs outstanding and 65.20 per cent of the total outstanding amount.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given. This assumes

greater importance as pendency in non-submission of UCs is fraught with the risk of misappropriation.

4.5 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that AC bills are meant for drawal of fund with a view to incurring of expenditure on items which are contingent in nature. Rule 4.138 (5) of WBTR requires that advances drawn through AC bills are to be adjusted through Detailed Contingent bills (DC bills) within one month from the date of completion of the purpose for which the advance was drawn. In no case, this should exceed 60 days from the date of drawal of the AC bill. Year-wise progress in submission of DC bills against the AC bills upto 2018-19, 2019-20 and 2020-21 is given in **Table 4.5**.

Table 4.5: Year wise progress in submission of DC bills against AC bills

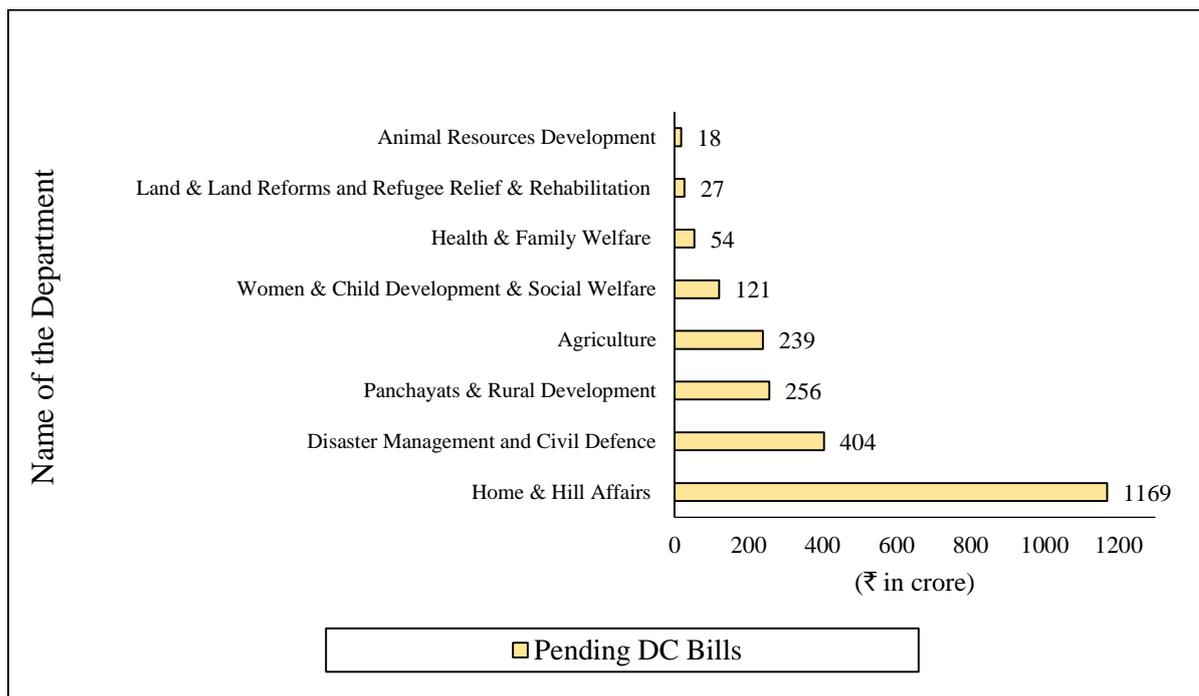
Year	Opening Balance as on 1 st April 2020		Addition during 2020-21		Clearance during 2020-21		Closing Balance as on 2020-21	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2018-19	8,477	1,904	-	-	78	22	8,399	1,882
2019-20	1,246	1,175	-	-	85	417	1,161	758
2020-21	-	-	1,940	770	179	10	1,761	760
Total	9,723	3,079	1,940	770	342	449	11,321	3,400

Source: Finance Accounts

Pending DC Bills reflects on accounting indiscipline by the Government functionaries and controlling authorities leading to risk of fraud, temporary misappropriation and embezzlement of funds and therefore, requires close monitoring by the respective DDOs. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

DC bills pending upto 2020-21 against eight departments where pendency is significant is shown in the **Chart 4.2**.

Chart 4.2: Pending DC Bills in respect of eight departments as on 31 March 2021



Source: Finance Accounts

The departments of Home & Hill Affairs (₹ 1,169 crore; 3,544 AC bills), Disaster Management and Civil Defence (₹ 404 crore; 2,630 AC bills), and Panchayats & Rural Development (₹ 256 crore; 690 AC bills) accounted for 60.63 per cent of the total outstanding AC bills.

Two departments which cleared maximum AC bills through submission of DC bills were Home & Hill Affairs (₹ 2,753 crore: 70.19 per cent) and Disaster Management and Civil Defence (₹ 1,717 crore; 80.95 per cent).

Scrutiny revealed (August 2021) that significant amount drawn on AC bills remained unadjusted in respect of following three DDOs for the reasons described against each:

Joint Director of Agriculture (Accounts) West Bengal

- (i) AC bill of ₹ 68.92 crore drawn (April 2015) for the purpose of ‘Providing SDRF assistance to the affected farmers due to natural calamity’ remained unadjusted owing to non-settlement of fraudulent withdrawal of fund amounting ₹ 1.24 crore. As per Finance Department’s directive (December 2019), the objected amount was either to be recovered or written off order issued.
- (ii) Three AC bills amounting ₹ 31.27 crore drawn between December 2013 and March 2014 for ‘Implementation of RKVY⁵⁰ scheme’ and one AC bill of ₹ 9.60 crore drawn in July 2013 for ‘Assistance to affected farmers’ remained

⁵⁰ Rashtriya Krishi Vikas Yojana

unadjusted since supporting books, records, vouchers and claim bills etc., were stated to be misplaced/ missing during shifting of office.

Administrative Officer, Kolkata Police

- (i) AC bills amounting to ₹ 23.69 crore drawn (March 2021) for Assembly Election 2021 remained unadjusted owing to non-receipt of vouchers from various units of Kolkata Police and requisite certificates from the beneficiaries.
- (ii) AC bills amounting to ₹ 9.19 crore drawn (November 2020) for 'Procurement of 1,270 numbers of 5.56 mm Rifle Ex-Calibre for use of Kolkata Police' remained pending since arms were not supplied by the Ichapore Rifle Factory.
- (iii) AC bills amounting to ₹ 6.51 crore drawn (January 2009) for 'Execution of IGVTDC project⁵¹' remained unadjusted since the commissioning of the project had not been carried out by the implementing agency 'KELTRON⁵²' despite the fact that items/equipment for the said project had been supplied.

Joint Director of Accounts, West Bengal Police Directorate

AC bills amounting to ₹ 5.25 crore drawn (March 2021) for the West Bengal Legislative Assembly Election 2021 remained unadjusted due to non-receipt of vouchers from the Transport department and non-payment of claims to various units of the Central Police Force.

4.6 Personal Deposit Accounts

Personal Deposits (PD) are maintained in the treasuries in the nature of banking accounts. These are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts.

As per the WBTR, the PD Accounts enable its Holders/ Administrators to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

As per Rule 6.09 (1) of the WBTR, PD Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State⁵³. The account may be opened again in the following year, if necessary.

Analysis revealed the following:

- (a) In terms of WBTR, the Personal Deposit Accounts are to be opened Administrator-wise and scheme-wise, should not be omnibus and opened

⁵¹ Integrated GIS based Automated Vehicle Tracking & Management (AVT&M), Area Traffic Control (ATC), Distress Call Response Management System (DCRMS) and Critical Public Place Surveillance System (CPPSS)

⁵² Kerala State Electronics Development Corporation Limited

⁵³ Except, where personal deposits are created by law or rules having the force of law for discharging the liabilities arising out of special enactments.

only if it is absolutely necessary. No details⁵⁴ in this regard were furnished to Audit by the State Government, though called for.

Consequently, the extent of adherence to the procedural norms, could not be vouchsafed in Audit.

- (b) Article 202 of the Constitution of India provides for legislative financial control over public expenditure through the Annual Financial Statement/Budget. Not transferring the unspent balances lying in PD Accounts to the Consolidated Fund before the closure of the financial year violates legislative intent, which is to ensure that funds approved by it for the financial year are spent during the financial year itself.

4.6.1 Status of PD Accounts

West Bengal Treasury Rule 6.09 provides that ‘Personal Deposit Account created by debit to the Consolidated Fund of the State shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State’. It was, however, noticed that there was a balance of ₹ 3,465 crore in 160 PD Accounts as on 31 March 2021 as shown in **Table 4.6**. Similar such year-end balances were noticed in 2019-20 (₹ 5,240 crore in 160 PD Accounts), in 2018-19 (₹ 5,466 crore in 159 PD Accounts), in 2017-18 (₹ 4,282 crore in 157 PD Accounts) and in 2016-17 (₹ 5,141 crore in 153 PD Accounts).

Table 4.6: Details of PD Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of PD Accounts at the beginning of the year	160	5,240
2	Addition [#] during the year 2020-21	0	1,298
3	Cleared [@] during the year 2020-21	0	3,073
4	PD Accounts existing at the end of the year	160	3,465

Source: Finance Accounts of Government of West Bengal (2020-21)

[#]Indicates amounts transferred and credited through challans to existing as well as newly opened PD Accounts (8443-106)

[@]Indicate amounts surrendered and expended from PD Accounts (8443-106)

The correctness of the closing balances in PD Accounts as of March 2021 could not be ascertained as the monthly as well as annual verification of balances in the Treasuries was found to be deficient, as elaborated in **Para 4.6.2**.

Non-transfer of unspent balances lying in PD Accounts to the Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation.

4.6.2 Operation of PD Accounts

- (i) Under Rule 6.08 of West Bengal Treasury Rules, non-lapsable PD Accounts, if not operated for a period of two years and if there is reason

⁵⁴ PD/PL accounts- (i) Department /Administrator /Scheme-wise; (ii) Remaining inoperative for more than a period of two years along-with reasons for their non-closure; and (iii) Holders’ status of annual verification and reconciliation of balances with the treasury.

to believe that the need for such PD Accounts has ceased, are required to be closed.

Test-check of 29 treasuries, conducted in 2020-21 in respect of transactions for the year 2019-20, revealed that PD Accounts of four operators amounting to ₹ 22.92 crore (pertaining to 37 inoperative schemes) were lying inoperative for more than two years.

- (ii) During 2020-21, an amount of ₹ 369 crore was transferred in March 2021 from the Consolidated Fund of the State. This is 28.42 per cent of the total yearly inflow into the PD accounts, of which, ₹ 25.17 crore was transferred on the last working day of March 2021. This was intended to avoid lapse of budget provisions.

Test-check of PD Accounts maintained by seven DDOs⁵⁵ revealed the following deficiencies:

- (i) There was a difference in closing cash book balance and corresponding Treasury Pass Book balance of two DDOs (**Table 4.7**) due to non-reconciliation as required under WBTR.

Table 4.7: Details of PD Accounts

Sl. No.	Name of the DDO	Closing balance as per cash book	Closing balance as per Treasury pass book	Difference
		(₹ in crore)		
1	DM, Alipurduar	35.80	37.30	1.50
2	DM, Murshidabad	33.89	34.23	0.34

Source: Departmental figures

- (ii) Five DDOs as of March 2021 parked ₹ 11.64 crore in their respective PD Accounts for a period exceeding two years, disregarding the provisions of WBTR (**Appendix 4.1**).
- (iii) Four DDOs⁵⁶, violating the Finance Department's order (September 2017) surrendered unutilised fund of ₹ 11.13 crore in Revenue heads instead of Capital heads from where funds were originally drawn. Consequently, Revenue Deficit was understated by ₹ 11.13 crore with corresponding overstatement of Capital Outlay to the same extent (**Table 1.9**).
- (iv) Three DDOs⁵⁷ kept an amount of ₹ 4.65 crore in the shape of un-classified balance in their PDA. Therefore, the justification for retention of the same could not be ascertained in Audit.
- (v) DM, Darjeeling had an adverse balance of ₹ 6.46 crore in a single scheme in his PDA, which indicates more expenditure than the receipts. The Auditee, however, failed to provide the details of the scheme/ source, from which such expenditure was met.

⁵⁵District Magistrates (DM) of Alipurduar, Jalpaiguri, Darjeeling, Uttar Dinajpur, Paschim Bardhaman, Murshidabad and Chief Executive Officer, WBREDA

⁵⁶ DMs of Murshidabad (₹ 7.80 crore), Darjeeling (₹ 3.01 crore), Alipurduar (₹ 0.22 crore), Jalpaiguri (₹ 0.10 crore)

⁵⁷ DMs of Jalpaiguri (₹ 4.49 crore), Darjeeling (₹ 0.13 crore) and Alipurduar (₹ 0.03 crore)

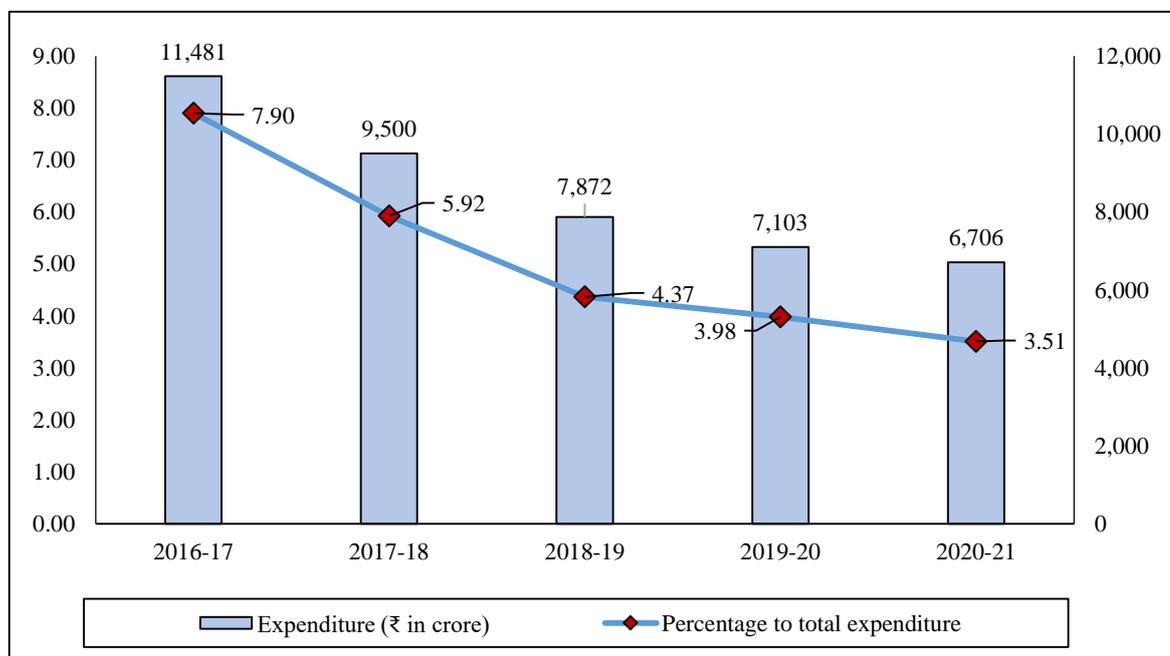
- (vi) Retention of unutilised BEUP⁵⁸ funds (₹ 0.06 crore) of the 15th Assembly by DM, Uttar Dinajpur even after its dissolution (25 May 2016). As per BEUP guidelines the fund was to be refunded to the Government Account by 31 March 2017.

4.7 Indiscriminate use of Minor head 800

The omnibus Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions, and renders the accounts opaque.

Government of West Bengal has operated Minor Head 800 extensively during 2016-21. The quantum of expenditure booked under this Minor Head showed a decreasing trend over the years. During 2020-21, the State Government booked an expenditure of ₹ 6,706 crore under Minor Head 800 against 62 revenue and capital Major Heads of Account, constituting 3.51 per cent of the total revenue and capital expenditure of ₹ 1,90,955 crore. The extent of operation of ‘Minor Head 800 -Other Expenditure’ as a percentage of Total Expenditure during 2016-21 is given in **Chart 4.3**.

Chart 4.3: Operation of Minor Head 800- Other Expenditure during 2016-21



Source: Finance Accounts

⁵⁸Bidhyak Elaka Unnayan Prakalpa

Instances of a significant proportion (50 per cent or more) of the expenditure within a Major Head, being classified under the Minor Head 800- 'Other Expenditure' during 2020-21, are given in **Table 4.8**.

Table 4.8: Significant expenditure booked under Minor Head 800 – Other Expenditure

Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage
	(₹ in crore)		
2205-Art & Culture	272.45	499.73	54.52
2250-Other Social Services	263.92	267.61	98.62
3051-Capital Outlay on Port and Light Houses	1.17	1.34	87.31
4885-Other Capital Outlay on Industries and Minerals	50.61	51.91	97.49
5055-Capital Outlay on Road Transport	38.55	38.39	100.42
5056-Capital Outlay on Inland Water Transport	49.13	49.13	100
5452-Capital Outlay on Tourism	47.93	54.74	87.56

Source: Finance Accounts

DDOs against whom major expenditure occurred under the head of account '800' were (i) Assistant Secretary, Health & Family Welfare Department (₹ 2,378 crore), (ii) Jt. Director (A&A), Directorate of Disaster Management, West Bengal (₹ 205 crore) (iii) Joint Director of Information, Kolkata Information Centre (₹ 191 crore), (iv) Accounts Officer Cum DDO, Medical Cell, Finance Department (₹ 153 crore) and (v) Chief Executive Officer, Board of Waqfs, West Bengal (₹ 153 crore).

Receipts amounting to ₹ 2,592 crore (1.75 per cent of total receipts) covering 52 Major Heads were booked under Minor Head 800 during 2020-21. Cases where significant receipts were booked under this Minor Head are given in **Table 4.9**.

Table 4.9: Significant receipts booked under Minor Head 800 – Other Receipts

Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
	(₹ in crore)		
0049- Interest Receipts	2,649.18	2,823.64	93.82
0217- Urban Development	28.79	28.79	100
1456- Civil Supplies	10.50	10.50	100
1452- Tourism	1.82	1.82	100
0235- Social Security & Welfare	1.33	1.34	98.92

Source: Finance Accounts

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Issues related to measurement

4.8 Outstanding balance under major Suspense and DDR (Debt, Deposit and Remittances) heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Balances under Suspense and Remittance heads at the end of the year is shown in **Table 4.10**.

Table 4.10: Balances under Suspense and Remittance Heads for the last three years

(₹ in crore)

Sl. No.	Head of Account Ministry/ Department with which pending	2018-19		2019-20		2020-21	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Account							
1	101-PAO Suspense	168.05	3.92	187.75	5.63	34.99	(-)1.13
	Net	164.13 (Dr.)		182.12 (Dr.)		36.12 (Dr.)	
2	102-Suspense Account-Civil	1,103.81	1,103.03	1,261.17	1,338.14	714.73	338.41
	Net	0.78 (Dr.)		76.97 (Cr.)		376.32 (Dr.)	
3	110- RB Suspense CAO	526.52	278.94	544.82	279.00	82.36	(-)0.02
	Net	247.58 (Dr.)		265.82 (Dr.)		82.38 (Dr.)	
4	112-TDS. Suspense	0.00	42.33	0.00	185.19	0.00	269.40
	Net	42.33 (Cr.)		185.19 (Cr.)		269.40 (Cr.)	
5	129-Material purchase settlement Suspense Account	0.02	67.46	0.00	67.46	0.00	67.44
	Net	67.44 (Cr.)		67.46 (Cr.)		67.44 (Cr.)	
8782-Cash Remittances and Adjustments between officers rendering account to the same Accounts Officer							
1	102-P.W. Remittances	66,973.96	66,587.64	66,973.96	66,587.64	66,973.96	66,587.64
	Net	386.32 (Dr.)		386.32 (Dr.)		386.32 (Dr.)	
2	103-Forest Remittances	6,199.01	6,173.39	6,199.01	6,173.39	6,199.01	6,173.39
	Net	25.62 (Dr.)		25.62 (Dr.)		25.62 (Dr.)	
8793 - Inter State Suspense Accounts							
1	Inter State Suspense Accounts	14.88	0.22	29.97	0.75	0.64	(-)0.33
	Net	14.66 (Dr.)		29.22 (Dr.)		0.97 (Dr.)	
Grand Total		729.32 (Dr.)		559.48 (Dr.)		570.89 (Dr.)	

Source: Finance Accounts; Difference of ₹0.01 crore is due to rounding.

It can be seen from **Table 4.10** that owing to non-clearance of suspense and remittance balances, aggregate cash balances were deflated by ₹ 729 crore, ₹ 560 crore and ₹ 571 crore respectively during 2018-19, 2019-20 and 2020-21. Details of suspense and remittance balances and their effect on cash balances during 2020-21 has been shown in **Appendix 4.2**. The reasons for non-clearance of significant balances in suspense and remittance heads were as follows:

- Reimbursement of claims amounting to ₹ 114.56 crore in connection with National Highway expenditure rejected by RPAO⁵⁹ for want of allotment. On clearance, cash balance will increase;
- Failed transaction of ₹ 213.94 crore under e-Pradan system in IFMS⁶⁰. On clearance, cash balance will decrease;
- Payment for purchases amounting to ₹ 67.44 crore made on credit by 61 Public Works (PW) divisions remained pending. On clearance, cash balance will decrease;
- Cheques amounting to ₹ 322.66 crore and ₹ 114.77 crore issued by Forest and PW divisions respectively were not encashed at the Treasury. On clearance, cash balance will decrease;
- Receipt amounting to ₹ 30.18 crore is due because of non-settlement of clearance memo from RBI. On settlement, cash balance will increase; and
- Remittances of cash/cheque amounting to ₹ 347.87 crore and ₹ 11.08 crore respectively by Forest and PW divisions, were not acknowledged by Treasuries. On being acknowledged, cash balance will increase.

4.9 Non-reconciliation of Departmental figures

Rule 385 of West Bengal Financial Rules (WBFR) stipulates that expenditure recorded in the departments books of account be reconciled every month with the books of the Accountant General (A&E). Reconciliation enables the Chief Controlling Officers (CCOs) to exercise effective control over budget and expenditure. It also ensures accuracy of the accounts. The Public Accounts Committee had also recommended (December 2011) adherence to the stipulations of the WBFR.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of the budgetary process. **Table 4.11** shows the status of reconciliation of receipts and expenditure *vis-à-vis* total receipts/expenditure.

⁵⁹ Regional Pay and Accounts Office

⁶⁰ Integrated Financial Management System

Table 4.11: Status of reconciliation during the three years 2018-21

Year	Ratio of reconciled receipts w.r.t. total receipts	Ratio of reconciled expenditure w.r.t. total expenditure
2018-19	77.05	88.02
2019-20	100	99.63
2020-21	100	100

Source: Finance Accounts

As can be seen from the **Table 4.11**, reconciliation has shown improvement over the past three years.

4.10 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India (RBI). As per the Statement of closing balance as on 31 March 2021 worked out by the RBI on 10 April 2021, the State had a credit balance of ₹ 0.99 crore while the closing cash balance as certified by the Principal Accountant General (A&E), West Bengal the State showed a credit balance of ₹ 20.37 crore. Thus, there was a difference of ₹ 19.38 crore (net credit) between the cash balance worked out by the Principal Accountant General (A&E) and reported by the RBI, which requires reconciliation.

Issues related to disclosure

4.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of West Bengal in 2020-21 and deficiencies therein are detailed in **Table 4.12**.

Table 4.12: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees given by the Government – Disclosure requirements</i>	The standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly complied	While the Government has disclosed the maximum amount of guarantees given during the year, detailed information like invocation of guarantees and automatic debit mechanism were not furnished.

2.	IGAS-2: <i>Accounting and classification of Grants-in-aid</i>	Grants-in-aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Not complied	State Government made budgetary provision and classified GIA amounting to ₹ 1,114 crore under Capital Major Heads of Account, instead of under the Revenue section. It did not furnish any information regarding GIA paid in kind during the year. Non-compliance led to understatement of revenue deficit and overstatement of capital outlay.
3.	IGAS-3: <i>Loans and Advances made by the Government</i>	The standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly complied	While the State Government complied with the format prescribed by the Standard, the closing balances depicted in Statements 7 and 18 have not been reconciled with the Loanee Entities/State Government. The State Government has also not furnished the figures in respect of certain loans and advances for which they maintain detailed accounts. Only seven out of 124 loanees have confirmed the balances maintained by the Accountant General (A&E).

Source: Finance Accounts

4.12 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Sections 19 or 20 of Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act).

The ABs coming under the audit purview as per Section 19 or 20 of CAG's DPC Act are required to submit the annual accounts of a financial year to Audit by 30 June of the succeeding year. In respect of 65 ABs which were to render annual accounts to CAG, there were delays in submission of accounts as detailed in **Table 4.13**.

Table 4.13: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies, as of 30 September 2021

Sl. No.	Delay in Number of Years	No. of ABs
1	0-2	24
2	3-5	27
3	6-10	08
4	Above 10	06
Total		65

Source: Records of Autonomous bodies

The status of rendering of accounts to Audit is indicated in **Appendix 4.3**. Two District Legal Service Authorities (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2021, 288 annual accounts of ABs due up to 2020-21, remained pending.

4.13 Follow up action on State Finances Audit Report

Rules of procedure of the Committee on Public Accounts of the West Bengal Assembly, promulgated in 1977, provide that after tabling the Report in the State Legislature, the State Government departments are required to submit replies to the audit observation within one month. Status of tabling of Audit Reports for the period from 2015-16 to 2019-20 have been shown in **Table 4.14**.

Table 4.14: Status of laying of Audit Reports on State Finances

Year	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2015-16	30.01.2017	07.03.2018
2016-17	26.03.2018	11.07.2019
2017-18	17.02.2020	----
2018-19	25.08.2020	----
2019-20	06.08.2021	----

Source: Records of the Office of the Principal Accountant General (Audit-I), West Bengal and West Bengal Legislative Assembly

SFAR 2015-16 was discussed by the PAC in December 2019. In February 2021, PAC had brought out a report containing its recommendations. Action Taken Note on the recommendations is yet to be furnished by the State Government. Replies on SFAR 2016-17 are yet to be furnished by the State Government. Such lack of responsiveness especially in respect of SFAR 2016-17, is a matter of serious concern and goes against the basic tenet of legislative control over expenditure from the public exchequer and undermines the importance of the Legislature.

4.14 Conclusion

Positive Indicators	Negative Indicators
Decreased tendency in booking under minor head 800 – Other Receipts/ Expenditure	Non-payment of accrued liabilities for interest bearing reserve funds
Downward trend in the balances of PD Accounts	Upward trend of outstanding UCs
Improved status in reconciliation of departmental figures	Increased arrear of annual accounts in respect of Autonomous Bodies and Public Sector Undertakings

4.15 Recommendations

- i. The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.
- ii. The Finance Department should review all PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund. Further, the Finance Department should reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.
- iii. Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.
- iv. The Government may consider carrying out adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules.
- v. The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.

CHAPTER V

Functioning of State Public Sector Enterprises

5.1 Introduction

This Chapter presents the summary of financial performance of Government Companies, Statutory Corporations and Government controlled other Companies of the Government of West Bengal (GoWB) and within the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These SPSEs were established to carry out the activities of commercial nature and to contribute in economic development of the State. In the Chapter, the term State Public Sector Enterprises (SPSEs) encompasses those Government companies in which the direct holding of GoWB is 51 *per cent* or more and subsidiaries of such Government companies. The Statutory Corporations set up under Statutes enacted by the Parliament and the West Bengal Legislative Assembly as well as other companies owned or controlled, directly or indirectly by GoWB have also been categorised as SPSEs.

According to Section 2 (45) of the Companies Act, 2013, a Government Company is any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/ Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company which is a subsidiary company of such a Government Company. Further, a Government-controlled company is any other company⁶¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments.

5.2 Mandate of Audit

Audit of 'government companies' and 'government controlled other companies' is conducted by the CAG under the provisions of section 143(5) to 143(7) of the Companies Act, 2013 read with section 19 of the CAG's (duties, powers and conditions of service) act, 1971 and the regulations made there under. Under the Companies Act, 2013, the CAG appoints chartered accountants as statutory auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG conducts supplementary audit of the company's financial statements after the audit of Statutory Auditors. The statutes governing some statutory corporations require their accounts to be audited only by CAG.

⁶¹ Companies (Removal of Difficulties) Seventh Order 2014 issued by Ministry of Corporate Affairs, Government of India vide Gazette Notification dated 04 September 2014

5.3 Number of SPSEs

As on 31 March 2021, there were 85 SPSEs (including 19 inactive SPSEs) in West Bengal, as shown in **Table 5.1**. The status of finalisation of the year wise accounts and other details of these 85 SPSEs is given in **Appendix 5.1**. The financial performance of the SPSEs has been drawn up on the basis of latest finalised accounts as on 30 November 2021. In 2020-21, the working SPSEs registered an annual turnover of ₹ 54,522 crore. This turnover was equal to 4.19 *per cent* of Gross State Domestic Product (GSDP) of the State for the year 2020-21 (₹ 13,01,017 crore). The SPSEs earned overall profit of ₹ 692 crore as per their latest finalised accounts.

Table 5.1: Details of Working and Non-working SPSEs

Sectors	Government Companies		Statutory Corporations		Total	Turnover of Working SPSEs (₹ in crore)	Percentage of Turnover to GSDP
	Working	Inactive	Working	Inactive			
(1)	(2)	(3)	(4)	(5)	(6)= (2+3+4+5)	(7)	(8)
Power	06	-	-	-	06	33,983.17	2.61
Finance	06	01	03	-	10	535.38	0.04
Service	11	-	03	01	15	16,540.62	1.27
Manufacturing	10	16	-	-	26	124.66	0.01
Infrastructure	11	-	01	-	12	1,463.71	0.11
Agriculture & Allied	10	01	01	-	12	834.33	0.06
Others	04	-	-	-	04	1,039.82	0.08
Total	58	18	08	01	85	54,521.69	4.19

Source: Finalised and available accounts of SPSEs

Above table shows that the working SPSEs in the Power sector and Service sector had contributed 2.61 and 1.27 *per cent* respectively to GSDP in 2020-21. The trend of contribution of SPSEs' turnover to State GSDP during 2016-21 are shown below.

Table 5.2: Contribution of SPSEs' turnover to GSDP

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
SPSEs-Turnover (₹ in crore)	33,633.78	42,832.03	51,264.41	53,805.82	54,521.69
GSDP (₹ in crore)	8,72,527	9,74,700	11,02,283	12,07,823	13,01,017
Percentage of turnover to GSDP	3.85	4.39	4.65	4.45	4.19

Source: Finalised and available accounts of SPSEs

As can be seen from the above table, the contribution of SPSEs to GSDP ranged between 3.85 and 4.65 *per cent* during the last five years. The major share of SPSEs' turnover during 2020-21 were from West Bengal State Electricity Distribution Company Limited (WBSEDCL) - ₹ 22,002 crore (40.35 *per cent*), West Bengal State Beverages Corporation Limited (WBSBCL) - ₹ 12,892 crore

(23.64 per cent) and West Bengal Power Development Corporation Limited (WBPDC) - ₹ 8,964 crore (16.44 per cent).

5.4 Investment in Government Companies & Corporations and Budgetary Support

The Government of West Bengal (GoWB) has investment in the SPSEs by way of Share capital and Loans. Besides, Grants and Subsidies are also given to SPSEs as a measure of financial support. GoWB also gives guarantees to SPSEs on loans raised from Financial Institutions. **Table 5.3** shows the details of equity investment to SPSEs by GoWB, GoI and Others as on 31 March 2021.

Table 5.3: Investment of State Government in Equity in SPSEs

Sectors	No. of SPSEs	Equity holdings (₹ in crore) of			Total Paid Up Capital (₹ in crore)	% of Equity of GoWB
		GoWB	GoI	Others		
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)*100
Agriculture & Allied	12	112.99	0.88	3.81	117.68	96.01
Finance	10	1,330.01	132.21	0.39	1,462.61	90.93
Infrastructure	12	1,905.56	1.71	3.44	1,910.71	99.73
Manufacturing	26	411.20	0.00	12.04	423.24	97.16
Power	6	12,865.70	0.00	5.09	12,870.79	99.96
Service	15	226.03	5.82	1.60	233.45	96.82
Others	4	5.78	0.00	0.81	6.59	87.71
Total	85	16,857.27	140.62	27.18	17,025.07	99.01

Source: Compiled from the accounts provided by SPSEs

Above table shows that equity investment of GoWB (₹ 16,857 crore) in SPSEs was 99 per cent. The Power sector (76.32 per cent) has the majority of Equity investment from GoWB followed by Infrastructure (11.30 per cent) and Manufacturing (2.44 per cent) sectors. GoI had equity investment of ₹ 141 crore mainly in the Finance, Service and Infrastructure sectors while Others⁶² had contributed equity holding of ₹ 27 crores in SPSEs mainly in Manufacturing sector (44.30 per cent).

5.5 Debt position of SPSEs

Long term loans from GoWB is also an important means of financing SPSEs. Besides taking loans from Government, SPSEs has also taken loans from market and financial institutions. Government has also given guarantee on loans raised by SPSEs from market or financial institutions by way of charging guarantee commission. **Table 5.4** depicts the details of loans taken by SPSEs from the State Government and Other sources.

⁶² Companies which had invested equity share capital in SPSEs apart from GoI and GoWB

Table 5.4: Details of borrowing of SPSEs as on 31 March 2021

Sectors	No. of SPSEs	Borrowings from Source other than State Government	Borrowings from State Government	Total Borrowings	% of State Government loan
		(₹ in crore)			
(1)	(2)	(3)	(4)	(5)=(3+4)	(6)=(4/5)*100
Agriculture & Allied	12	16.61	143.25	159.86	89.61
Finance	10	2,883.37	205.32	3,088.69	6.65
Infrastructure	12	0.03	193.58	193.61	99.98
Manufacturing	26	38.19	1,676.97	1,715.16	97.77
Power	6	20,961.95	1,899.75	22,861.70	8.31
Service	15	288.86	2,326.43	2,615.29	88.95
Others	4	0.13	80.30	80.43	99.84
Grand Total	85	24,189.14	6,525.60	30,714.74	21.25

Source: Information furnished by SPSEs

As can be seen from the above table that the State Government had given loans of ₹ 6,526 crore to SPSEs which accounts for nearly 21 per cent of the total loans taken by SPSEs. Remaining loans (₹ 24,189 crore) which accounted for 79 per cent of total loans came from market borrowings and loans from financial institutions backed by government guarantees. Against the loans taken from other sources, contribution of Power sector accounted for 74.43 per cent followed by Finance Sector as 10.05 per cent.

5.6 Reconciliation of Equity and Loan of SPSEs with Finance Accounts of Government of West Bengal

The figures in respect of equity and loans as per records of SPSEs should agree with the figures appearing in the Finance Accounts of the Government of West Bengal. In case the figures do not agree, the SPSEs concerned and the Finance Department should carry out reconciliation of the differences. **Table 5.5** shows the variation of Equity investment and loans provided to the SPSEs from the State Government.

Table 5.5: Difference of equity and loans of SPSEs with Finance Accounts

In respect of	As per Finance Accounts	As per records of SPSEs	Difference in 2020-21
	(₹ in crore)		
(1)	(2)	(3)	(4)=(2-3)
Equity	16,473.53	16,857.27	(-383.74)
Loans	7,684.15	6,525.60	1,158.55

Source: Finance Accounts and Information furnished by SPSEs for the year ended March 2021

Audit analysis revealed that there was discrepancy of figures reported in the State Finance Accounts and the financial statements of SPSEs. It was observed that there were variations in figures of Equity in respect of 64 SPSEs and variation of Loan amount figures in respect of 53 SPSEs.

5.7 Adequacy of Assets

The asset coverage ratio is a solvency ratio. It measures how well a company can cover its short-term debt obligations with its assets. A company that has more assets than its short-term debt and liability obligations indicates to the lender that the company has a better chance of paying back the funds it lends in the event of its liquidation or closure of business. The higher the asset coverage ratio, the more times a company can cover its debt. Therefore, a company with a high asset coverage ratio is considered to be less risky than a company with a low asset coverage ratio⁶³. Asset Coverage Ratio is calculated as ((Total Assets – Intangible Assets) – (Current Liabilities – Short-term Portion of LT Debt))/ Total Debt. Table 5.6 has shown the Asset Coverage ratio of SPSEs as on 31 March 2021.

Table 5.6: Asset Coverage ratio of SPSEs as on 31 March 2021

Sectors	Nos. of SPSEs	Assets	Intangible assets	Current liabilities	Long Term Borrowings	Asset Coverage Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(3-4-5)/(6)
Agriculture & Allied	12	2,116.54	5.10	1,952.05	159.86	1.00
Finance	10	11,711.74	0.13	2,395.25	3,088.69	3.02
Infrastructure	12	8,568.76	0.89	2,208.11	193.61	32.85
Manufacturing	26	2,268.40	0.07	3,029.92	1,708.16	(-)0.44
Power	6	86,711.39	55.02	42,518.06	22,861.70	1.93
Service	15	8,211.85	2.87	6,816.82	2,615.29	0.53
Others	4	841.12	0.22	470.95	80.43	4.60
Grand Total	85	1,20,429.80	64.30	59,391.16	30,714.74	1.99

Source: Accounts of SPSEs

As can be seen from the above, the asset coverage ratio of SPSEs in the manufacturing and service sectors are less than one or even negative. In case of manufacturing sector, the ratio being negative denotes that the SPSEs in these sectors are not financially solvent and will not be able to repay its debts in the event of their closure or liquidation. In the Infrastructure sector which comprises mainly three SPSEs – WBHIDCL⁶⁴, WBHDCL and WBEIDCL⁶⁵ had good asset

⁶³ Asset Adequacy Ratio is otherwise called Asset Coverage Ratio.

⁶⁴ West Bengal Housing Infrastructure Development Corporation Limited

⁶⁵ West Bengal Electronics Industry Development Corporation Limited

coverage ratio of 32.85 followed by Finance and 'Others' sectors at 4.60 and 3.02 respectively.

5.8 Budgetary assistance to SPSEs

The State Government provides financial support to SPSEs in various forms through annual budgetary allocations. The summarised details of budgetary support towards Equity, Loans and Grants/ Subsidies in respect of SPSEs during the last three years are given in **Table 5.7**.

Table 5.7: Budgetary assistance to SPSEs

Sl. No.	Particulars	2018-19		2019-20		2020-21	
		Number of SPSEs	Amount (₹ in crore)	Number of SPSEs	Amount (₹ in crore)	Number of SPSEs	Amount (₹ in crore)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	Equity Capital	12	881.56	6	725.37	2	108.16
(ii)	Loans	23	840.60	25	840.79	10	136.31
(iii)	Grants/ Subsidy	17	1,420.68	20	984.05	19	1,715.95
Total Outgo (i+ii+iii)		-	3,142.84	-	2,550.21	-	1,960.42

Source: Accounts of SPSEs

Above table disclosed that total outgo of the State Government had declined. Compared to 2018-19, budgetary assistance during 2019-20 declined by 18.86 per cent followed by 23.13 per cent in 2020-21 over 2019-20. Decline in budgetary assistance through Equity by 85.09 per cent over 2019-20 was the attributable reason.

5.9 Disinvestment, restructuring and privatisation

Government of West Bengal decided (February 2017) to restructure SPSEs for improving operational efficiency and optimally utilising their manpower/ assets. Accordingly, one SPSE namely, Gluconate Health Limited was amalgamated with one existing SPSE, viz., West Bengal Medical Services Corporation Limited with effect from 1 April 2019 under the administrative control of Department of Health & Family Welfare.

5.10 Return from Government Companies and Corporations

Out of 66 Working SPSEs, 33 SPSEs earned profit during the year 2020-21, of which only two SPSEs had paid dividend to State Government as shown in **Table 5.8** below.

Table 5.8: Profit Earned and Dividend paid by SPSEs during 2020-21

Sectors	Working SPSEs	Profit/ Loss after tax (₹ in crore)	Dividend paid to GoWB (₹ in crore)
Agriculture & Allied	11	57.50	0.19
Finance	9	156.51	0
Infrastructure	12	50.14	0
Manufacturing	10	(-)184.41	0
Power	6	898.95	0
Service	14	(-)393.28	0
Others	4	106.23	0.55
Grand Total	66	691.64	0.74

Source: Accounts of SPSEs

It can be noticed from the above that in spite of earning profit of ₹ 692 crore by working SPSEs, only dividend of ₹ 0.74 crore (0.11 per cent of the profit earned) was received by the Government. The Power sector which earned profit of ₹ 899 crore did not pay any dividend to the Government. Only West Bengal State Warehousing Corporation and Saraswaty Press Limited had paid dividend of ₹ 0.19 crore and ₹ 0.55 crore respectively to the State Government.

5.11 Repayment of Principal Debt and Servicing of Interest charges

Table 5.9 shows the details of borrowings of SPSEs and repayments including interest during 2020-21.

Table 5.9: Repayment of Debt and Interest by SPSEs during 2020-21

Sectors	Loans from Source other than State Govt.			Loans from State Govt.		
	Outstanding Loan	Repayment of Principal	Repayment of Interest	Outstanding Loan	Repayment of Principal	Repayment of Interest
	(₹ in crore)					
Agriculture & Allied	16.61	-	-	143.25	2.00	-
Finance	2,883.37	-	173.66	205.32	-	0.03
Infrastructure	0.03	0.25	-	193.58	-	3.80
Manufacturing	38.19	-	1.26	1,676.97	-	28.49
Power	20,961.95	285.88	1,346.58	1,899.75	-	320.27
Service	288.86	-	8.70	2,326.43	-	58.54
Others	0.13	-	-	80.30	-	-
Total	24,189.14	286.13	1,530.20	6,525.60	2.00	411.13

Source: Accounts of SPSEs

It can be seen from the above, the major portion of repayment of principal and interest on loans was from SPSEs in the Power sector which accounts for 99.22 and 85.86 per cent respectively of total principal and interest amount of loans. SPSEs in Finance sector had paid only the interest which accounts for 8.94 per cent.

5.12 Outstanding repayments of loans disbursed by Government in respect of SPSEs

Audit noticed that as per available audited 46 accounts for the financial years 2005-21 pertaining to 85 SPSEs upto November 2021, repayments of ₹ 13,629 crore (Principal: ₹ 6,526 crore and Interest: ₹ 6,903 crore) were in arrears (Table 5.10). This assumes significance since 54 per cent of SPSEs have arrear in repayments. Due to non-availability of accounts of 60 out of 85 SPSEs during 2020-21, comprehensive position of outstanding repayments could not be arrived at.

Table 5.10: Status of outstanding repayments of loans disbursed by Government in respect of State Public Sector Enterprises (SPSEs)

Sl. No.	Accounts available upto	Number of SPSEs who had submitted their Accounts	Number of SPSEs against which repayments were in arrears	Outstanding Principal	Outstanding Interest
				(₹ in crore)	
1.	2020-21	25	11	3,307.11	2,724.25
2.	2019-20	31	19	2,128.40	2,981.03
3.	2018-19	12	7	708.54	979.02
4.	2017-18	6	3	147.30	99.00
5.	2016-17	2	1	4.63	0.15
6.	2015-16	2	1	98.21	6.39
7.	2014-15	1	0	NIL	NIL
8.	2012-13	2	0	NIL	NIL
9.	2011-12	1	1	26.78	25.98
10.	2010-11	1	1	2.34	4.91
11.	2007-08	1	1	20.69	47.43
12.	2005-06	1	1	81.60	34.49
Total		85	46	6,525.60	6,902.65

Source: Audited Accounts of SPSEs

SPSEs of Power sector like WBPDC⁶⁶ and DPL⁶⁷ stated that cash crunch did not permit them to repay the government loans. DPL also stated that they had requested the State Government to convert the loans into equity and waive off interest thereon as a part of the measure of financial restructuring owing to which no loan repayment had been made during 2018-21. WBSEDCL had repaid principal of ₹ 5.15 crore while WBSETCL⁶⁸ repaid ₹ 49.01 crore as principal

⁶⁶ West Bengal Power Development Company Limited

⁶⁷ Durgapur Projects Limited

⁶⁸ West Bengal State Electricity Transmission Company Limited

and ₹ 51.14 crore as interest during 2020-21.

Operating efficiency of Government Companies

5.13 Analysis of Profit reported from Operating and Non-operating activities

Operating income is the income generated through the company's core business operations. Non-operating income includes the gains and losses (expenses) generated by other activities or factors unrelated to its core business operations. **Table 5.11** shows the sector wise details of operating income and non-operating income⁶⁹ of all working SPSEs during 2020-21.

Table 5.11: Sector-wise details of Revenue from operation and Other income of SPSEs during 2020-21

Sectors	Number of Working SPSEs	Turnover/ Revenue from Operation	State Government Subsidy	Other Income	Total Revenue	% of Turnover of Total Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(3/6)*100
Agriculture & Allied	11	834.33	56.87	74.55	965.75	86.39
Finance	9	535.38	11.65	183.92	730.95	73.24
Infrastructure	12	1,463.71	0.00	119.12	1,582.83	92.47
Manufacturing	10	124.66	0.00	23.96	148.62	83.88
Power	6	33,983.17	596.70	882.16	35,462.03	95.83
Service	14	16,540.62	786.90	217.05	17,558.00	94.21
Others	4	1,039.82	0.00	3.88	1,043.70	99.63
Grand Total	66	54,521.69	1,452.12	1,504.64	57,478.45	94.86

Source: Accounts of SPSEs

Table 5.11 indicates that SPSEs in the Agriculture & Allied, Finance and Manufacturing sectors have lower percentage of operating income ranging from 73 to 86 *per cent* of total revenue in comparison to other sectors like Infrastructure, Power and Service which contributed around 92 to 96 *per cent*. Out of 66 working SPSEs, 11 had no revenue from operations indicating core activities of the company have been discontinued. This included four from Infrastructure sector, two each from Agriculture & Allied and Service sectors, and one each from Finance, Power and Manufacturing sectors. Power and Service sectors have received significant portion of subsidy which accounts for 41.09 and 54.19 *per cent* of the total amount of subsidy disbursed. In Power sector, only WBSEDCL received subsidies mainly for the scheme ‘Subsidisation

⁶⁹ Operating Income also known as “Revenue from Operation/ Turnover” and Non-operating income refers to “Other Income”.

in Power tariff to its consumers' while in Service sector, major amount of subsidy were given to five transport corporations⁷⁰.

5.14 Return on Capital Employed

Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and efficiency with which its capital is employed. ROCE is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by its capital employed. The details of ROCE of working SPSEs during 2020-21 is depicted in **Table 5.12**.

Table 5.12: Return on Capital Employed of working SPSEs during 2020-21

Sectors	No. of Working SPSEs	EBIT	Capital Employed	ROCE
		₹ in crore		
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	116.92	322.51	36.25
Finance	9	401.51	7,906.68	5.08
Infrastructure	12	84.27	2,622.80	3.21
Manufacturing	10	(-)87.49	(-)597.98	-
Power	6	4,439.67	38,626.37	11.49
Service	14	(-)125.42	(-)4,488.50	-
Others	4	158.51	357.38	44.35
Grand Total	66	4,987.97	44,749.26	11.15

Source: Accounts of SPSEs

5.15 Return on Equity by SPSEs

Return on equity (ROE) is a measure of financial performance to assess how effectively management is using shareholder's fund to earn profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' funds, expressed as a percentage.

Shareholders' funds of a Company are calculated by adding paid-up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. Shareholders' funds are also known as equity. A positive shareholders' fund implies that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets. It is also known as net worth.

Sector-wise RoE computed in respect of all working SPSEs as per their latest finalised accounts are detailed in **Table 5.13**.

⁷⁰ (i) Calcutta State Transport Corporation (CSTC), (ii) Calcutta Tramways Company (CTC), (iii) South Bengal State Transport Corporation (SBSTC), (iv) North Bengal State Transport Corporation (NBSTC) and (v) West Bengal Surface Transport Corporation Limited (WBSTCL)

Table 5.13: Return on Equity

Sectors	No. of Working SPSEs	Net Profit/ Loss after tax	Shareholders' fund ⁷¹	ROE
		(₹ in crore)		
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	57.50	270.38	21.27
Finance	9	156.51	4,822.62	3.25
Infrastructure	12	50.14	2,429.19	2.06
Manufacturing	10	(-)184.41	(-)1,304.53	-
Power	6	898.95	15,764.67	5.70
Service	14	(-)393.28	(-)7,087.45	-
Others	4	106.23	276.95	38.36
Grand Total	66	691.64	15,171.83	4.56

Source: Accounts of SPSEs

Return on Equity of SPSEs in 'Others' sector is highest backed by good performance of four SPSEs namely (i) Basumati Corporation Limited, (ii) Saraswaty Press Limited, (iii) Shilpabarta Printing Press Limited and (iv) West Bengal Text Books Corporation Limited.

5.16 SPSEs incurring losses

Sector-wise details of SPSEs which incurred losses during 2020-21 (as per available accounts) are detailed in **Table 5.14**.

Table 5.14: SPSEs incurring losses during 2020-21

Sectors	No. of working SPSEs which had incurred losses	Net Profit/ Loss after tax (₹ in crore)
(1)	(2)	(3)
Agriculture & Allied	4	(-)31.43
Finance	3	(-)15.88
Infrastructure	2	(-)39.01
Manufacturing	9	(-)185.87
Power	4	(-)305.48
Service	9	(-)466.51
Others	2	(-)16.55
Grand Total	33	(-)1,060.73

Source: Accounts of SPSEs

It was observed that SPSEs which incurred significant loss were WBSEDCL (₹ 190 crore), CSTC (₹ 174 crore), SBSTC (₹ 79 crore) and DPL (₹ 114 crore).

⁷¹ Represents 'Paid up share capital' plus free reserves and surplus minus accumulated losses minus deferred revenue expenditure.

5.17 Erosion of Capital in SPSEs

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the shareholders and is also referred to as shareholders' funds. A negative net worth indicates that the entire investment by the shareholders has been wiped out by accumulated losses and deferred revenue expenditure. **Table 5.15** indicates total paid up capital, total free reserves, total surpluses, total accumulated losses of those SPSEs, whose net worth turned negative.

Table 5.15: Sector wise details of SPSEs having negative Net Worth

Sectors	No. of SPSEs	Paid up Capital	Free Reserves	Reserve & Surplus	Shareholder's Funds/Net Worth
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)
Agriculture & Allied	4	69.99	0.00	(-)659.07	(-)589.08
Finance	2	51.96	0.00	(-)168.43	(-)116.47
Infrastructure	1	0.05	0.00	(-)0.07	(-)0.02
Manufacturing	21	410.25	0.00	(-)4,059.58	(-)3,649.33
Power	3	1,820.38	1.25	(-)3,571.61	(-)1,749.98
Service	8	53.81	682.17	(-)8,459.15	(-)7,723.17
Others	2	0.99	0.00	(-)212.31	(-)211.32
Grand Total	41	2,407.43	683.42	(-)17,130.22	(-)14,039.37

Source: Accounts of SPSEs

As can be seen from the table above, the manufacturing sector has maximum numbers of SPSEs with negative net worth whereas the Service sector which comprises of Transport Companies has highest value of negative net worth. The SPSEs which had highest negative net worth are (i) CSTC (₹ 2,720 crore), (ii) WBSTCL (₹ 2,674 crore) and (iii) Kalyani Spinning Mills Limited (₹ 1,190 crore).

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

5.18 Audit of State Public Sector Enterprises (SPSEs)

The process of audit of Government Companies is governed by relevant provisions of Sections 139 and 143 of the Companies Act, 2013 (the Act). Further, as per sub-section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-section 5 or sub-section 7 of Section 139, by an order, conduct test audit on the accounts of such company, if considered necessary. The provisions of Section 19A of the CAG's (Duties, Powers and

Conditions of Service) Act, 1971 shall apply to such Audit. An audit of the financial statements of a company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

The CAG is also the sole auditor in respect of six out of nine⁷² Statutory Corporations and WBERC. Moreover, CAG also prepares Separate Audit Reports (SARs) for West Bengal Financial Corporation although not the statutory auditor, while preparing supplementary reports on West Bengal Warehousing Corporation.

5.19 Appointment of Statutory Auditors of SPSEs by CAG

The financial statements of the Government Companies are audited by Statutory Auditors, appointed by CAG as per the provisions of Sections 139 (5) or 139 (7) of the Companies Act, as applicable, who shall submit a copy of their audit report, including the financial statements of the Company, to the CAG, under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

5.20 Submission of Accounts by SPSEs

According to section 394 of the companies act 2013, annual report on the working and affairs of a government company, is to be prepared within three months of its annual general meeting (AGM) and as soon as may be after such preparation laid before the state legislature together with a copy of the audit report and any comments upon or supplement to the audit report, made by the CAG. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the state budget.

Section 96 of the Companies act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, section 129 of the Companies act, 2013 stipulates that the audited financial Statement for the financial year has to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of section 129 of the companies act, 2013. Despite above, annual accounts of various SPSEs were pending and in arrears as on 30 November 2021, as discussed below.

⁷² CAG is not entrusted with the statutory audit of the Great Eastern Hotel Authority, under the provisions of the applicable statute.

5.21 Timeliness in Preparation of Accounts by SPSEs

Accounts for the year 2020-21 were required to be submitted by all the 85 SPSEs by 30 September 2020. However, in view of the prevailing pandemic related restrictions, the Ministry of Corporate Affairs, Government of India directed all Registrars of Companies to liberally grant, against applications submitted by companies, extension for holding Annual General Meetings, at which the audited accounts are adopted, up to 30 November 2021. Further, Details of arrears in submission of accounts of all SPSEs as of 30 November of following year for each of the last four financial years ending 31 March 2021 are given in **Table 5.16**.

Table 5.16: Details of arrears in submission of accounts of all SPSEs as of 30 November 2021

Year	Upto date accounts		Accounts delayed Upto 1 year		Accounts delayed for 2-3 years		Accounts delayed for 4-5 years		Accounts delayed for more than 5 years		Total no. of SPSEs with arrear accounts	
	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts
2017-18	41	41	33	33	9	19	5	21	6	57	53	130
2018-19	35	35	30	30	8	17	5	21	6	52	49	120
2019-20	7	7	53	53	14	32	5	23	6	58	78	166
2020-21	25	28	32	32	16	38	6	26	7	69	61	165

Source: Accounts of SPSEs

5.22 CAG'S Oversight - Audit of Accounts and Supplementary Audit

Financial Reporting Framework

Companies are required to prepare the financial statements in the format laid down in schedule (iii) to the Companies act, 2013 and in adherence to the mandatory accounting standards prescribed by the central government, in consultation with national advisory committee on accounting standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the act governing such corporations.

5.23 Audit of Accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013, conduct audit of accounts of the government companies and submit their report thereon in accordance with section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of the public sector enterprises with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the powers to issue directions to the statutory auditors under section 143(5) of the Companies Act, 2013 and to supplement or comment upon the statutory auditor's report under section 143(6) of the Companies Act, 2013.

5.24 Supplementary Audit of Accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the companies act, 2013 or other relevant act is of the management of an entity. The statutory auditors appointed by the CAG under section 139 of the companies act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the standard auditing practices of institute of chartered accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the audit report to the CAG under section 143 of the companies act, 2013. The certified accounts of selected government companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under section 143(6) of the Companies Act, 2013 to be placed before the annual general meeting.

5.25 Result of CAG's oversight role

Audit of accounts of SPSEs

During 2020-21, 41 working Companies/ Corporations had forwarded 50 accounts to the Office of the Principal Accountant General (Audit-I), West Bengal and Office of the Principal Accountant General (Audit-II), West Bengal. Supplementary audit of 24 accounts of 20 companies were conducted upto November 2021. Non-review certificates (NRCs) were issued against seven accounts of seven companies. The audit reports of statutory auditors appointed by the CAG and the supplementary audit conducted by the CAG indicated that the quality of maintenance of SPSE's accounts needs to be improved substantially.

Some of the significant comments issued on supplementary audit of financial statements of the government companies are detailed in **Table 5.17**.

Table 5.17: Gist of significant comments on the accounts of the SPSEs issued from 01.04.2020 to 31.03.2021

Sl. No.	Name of the Company/ Corporation	Net Profit/ Loss after tax
(1)	(2)	(3)
1.	North Bengal State Transport Corporation (2014-15)	<p>Non-provision of advances paid to three organizations (lying unadjusted for more than five years and recovery of which were doubtful) has resulted in overstatement of 'Current Assets' by ₹ 1.04 crore, with corresponding understatement of 'Net Loss for the year' to the same extent.</p> <p>34 cheques amounting ₹ 4.50 crore issued between July 2007 to December 2014 to different suppliers / creditors were not presented for payment by them within the valid period. Non-reversal of cheques has resulted in understatement of 'Cash at Bank' as well as 'Liabilities' by ₹ 4.50 crore.</p> <p>Provision for liability amounting ₹ 0.90 crore towards renovation of buses (as per direction of Hon'ble Calcutta High Court in 2014) was not made by the Corporation in its books of accounts. This resulted in understatement of 'Liabilities' with corresponding understatement of 'Net Loss for the year' by ₹ 0.90 crore.</p> <p>Non-accountal of liability amounting ₹ 117.10 crore for payment of Leave Salary, Gratuity, Arrear Pension, Arrear ROPA 2009, Commuted Value and Arrear DA up to 31 March 2015 resulted in understatement of 'Liabilities' and 'Welfare & Superannuation expenses' by ₹ 117.10 crore with consequential understatement of 'Net Loss for the year' to the same extent.</p> <p>Non-provision of demand of Land & Land Reforms Department amounting ₹ 3.44 crore as on June 2013 on account of property tax, land revenue, rent and Land Acquisition compensation resulted in understatement of 'Liabilities' and 'General & Administrative Expenses' by ₹ 3.44 crore with consequential understatement of 'Net Loss for the year' to the same extent.</p>

Sl. No.	Name of the Company/ Corporation	Net Profit/ Loss after tax
(1)	(2)	(3)
		Wrong account of the differential amount of subsidy received from GoWB in Jan'2014 and disbursement thereagainst towards Voluntary Retirement Scheme resulted in understatement of 'Liabilities' and 'Accumulated Loss' by ₹ 8.73 crore.
2.	North Bengal State Transport Corporation (2016-17)	Short account of interest on unsecured loan amounting ₹ 5.51 crore received from GoWB resulted in understatement of 'Account Charges' under Liabilities and 'Debt Charges' under Non-Operating Expenses by ₹ 5.51 crore with corresponding understatement of 'Loss for the year' to the same extent.
3.	West Bengal Medical Services Corporation Limited (2019-20)	Understatement of other Current Liabilities and overstatement of Profit for the year 2019-20 by ₹ 8.85 crore due to non-inclusion of accrued interest on loan from GoWB.
		Overstatement of other Current Assets and overstatement of Profit for the year 2019-20 by ₹ 1.80 crore due to non-adjustment of Income tax refundable.
4.	West Bengal Scheduled Castes, Scheduled Tribes and Other Backward Classes Development & Finance Corporation (15.11.2017 to 31.03.2018)	Overstatement of Other Authorities' Fund by ₹ 2.64 crore with corresponding understatement of 'Provision for purchase of cycles' to the same extent due to non-adjustment of value of Bi-cycles delivered in 2017-18 with other authorities' Fund.
		Overstatement of Provisions by ₹ 22.54 crore with corresponding overstatement of Prior Period Expenditure by the same amount. Consequently, Reserves & Surplus remained understated by ₹ 22.54 crore due to non-adjustment of excess provision made on loans.

Sl. No.	Name of the Company/ Corporation	Net Profit/ Loss after tax
(1)	(2)	(3)
5.	West Bengal Minorities Development & Finance Corporation (2016-17)	Overstatement of Advance from Customers for Arena Project by ₹ 45.53 crore, overstatement of Work in Progress-Stock in Trade (Arena Project) by ₹ 40 crore with corresponding understatement of Income by ₹ 45.53 crore, understatement of expenditure by ₹ 43.36 crore and understatement of provision for expenditure (Liability) by ₹ 3.36 crore (₹ 43.36 crore – ₹ 40 crore). Consequently, profit was understated by ₹ 2.18 crore (₹ 45.53 crore – ₹ 43.36 crore) due to non-recognition of revenue and non-charging of expenditure of flats constructed under Arena Housing Project.
		Overstatement of Current Liabilities by ₹1.14 crore with corresponding understatement of income by the same amount. Consequently, profit was also understated by ₹ 1.14 crore due to non accountal of net sale proceeds of flats.
		Overstatement of Cash and Bank balance by ₹5.37 crore with corresponding understatement of Current Assets: Trade Receivables by the same amount due to Non-writing back of the Stale cheques received by the Corporation up to December, 2016 towards recovery of loan.
		Overstatement of Accrued Interest on Fixed Deposit by ₹1.90 crore with corresponding overstatement of interest income by the same amount owing to erroneous calculation. This resulted in overstatement of Profit by ₹ 1.90 crore.
6.	West Bengal State Warehousing Corporation (2016-17)	Wrong accountal of provision for ‘bad and doubtful debt’ amounting ₹ 8.95 crore as ‘Reserve for bad and doubtful debt’ resulted in overstatement of ‘Reserve for bad and doubtful debt’ by ₹ 8.95 crore with corresponding overstatement of sundry debtors by ₹ 8.95 crore and overstatement of prior period profit before tax to the same extent.
		Non-writing back of unclaimed Security Deposit pending for more than nine years had resulted in overstatement of Advances under liabilities and understatement of profit by ₹ 1.03 crore.

Sl. No.	Name of the Company/ Corporation	Net Profit/ Loss after tax
(1)	(2)	(3)
		Non-accountal of the grant of ₹ 7.29 crore from GoWB resulted in understatement 'Grant received from GoWB' with corresponding overstatement of 'Creditors for Expenses' to the same extent.

5.26 Non-Compliance with Provisions of Accounting Standards (ASs)/ Indian ASs

In exercise of the powers conferred by section 469 of the Companies Act, 2013, read with section 129 (1), section 132 and section 133 of the said act, the central government prescribed accounting standards 1 to 7 and 9 to 29. Besides these, the central government notified 41 Indian Accounting Standards through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. During the course of supplementary audit, the CAG observed that the following companies had not complied with the Accounting Standards/ Indian ASs as detailed in **Table 5.18** below.

Table 5.18: Non-Compliance with the Accounting Standards/ Indian Accounting Standards

Accounting standard/ Indian AS	Name of the Corporation	Year	Deviation
(1)	(2)	(3)	(4)
AS-1	North Bengal State Transport Corporation	2014-15, 2015-16, 2016-17	According to Generally Accepted Accounting Principles and Accounting Standard-01, 'If the fundamental accounting assumptions, viz. Going Concern, Consistency and Accrual are followed in financial statements, specific disclosure is not required. If a fundamental accounting assumption is not followed, the fact should be disclosed'. The Profit & Loss Account for the year 2014-15 was not prepared following accrual basis of accounting. It was not properly disclosed in the Notes to Accounts.

Accounting standard/ Indian AS	Name of the Corporation	Year	Deviation
(1)	(2)	(3)	(4)
AS-12		2014-15	According to Generally Accepted Accounting Principles and Accounting Standard-12, 'Grants related to specific fixed assets are either deducted from the gross value of the asset concerned in arriving at its book value or treated as deferred income which is recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset'. Though NBSTC received grants for procurement of buses but neither of the above methods were followed by them. The fact was not properly disclosed in the Notes to Accounts.
AS-10		2015-16, 2016-17	According to Generally Accepted Accounting Principles and Accounting Standard-10 assets which are retired from active use and pending for disposal should have been disclosed separately. However, the same was not followed by the corporation.

5.27 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of SPSEs were reported as comments by the CAG under section 143(6)(b) of the Companies Act, 2013. Besides these comments on accounts, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, are also communicated to the management through a 'management letter' for taking corrective action. These deficiencies generally relates to Application and interpretation of accounting policies and practices, Adjustments arising out of audit that could have a significant effect on the financial statements and Inadequate or non-disclosure of certain information on which management of the concerned SPSE gave assurances that corrective action would be taken in the subsequent year.

As per latest finalised accounts as on 30 November of respective years, 'management letters' issued to two SPSEs is shown in **Table 5.19**.

Table 5.19: List of the SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Year of Accounts Finalised)
1.	West Bengal Essential Commodities Supply Corporation Ltd. (2015-16)
2.	West Bengal Medical Services Corporation Ltd. (2019-20)

5.28 Recommendations

- *The State Government and the SPSEs concerned should reconcile the differences in the investment figures (Equity and Long Term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis financial statements of SPSEs in a time bound manner.*
- *The Administrative departments overseeing the SPSEs having backlog of Accounts should take concerted efforts to ensure that the SPSEs finalise and adopt their Accounts within the stipulated time.*

Kolkata

The 18 February 2022

(SARAT CHATURVEDI)
Principal Accountant General
(Audit-I)
West Bengal

Countersigned

New Delhi

The 23 FEB 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 1.1

(Refer Paragraph 1.1 in Chapter I)

A Brief Profile of West Bengal

A. General Data

Sl. No.	Particulars	Figures	
1.	Area	88,752 sq. km	
2.	Population		
	a.	in 2011 (All India = 122.02 crore) [#]	9.17 crore
	b.	in 2021 (All India = 137.03 crore) [^]	9.84 crore
3.	Density [@] of Population (as per 2011 Census) (All India Density = 382 persons / sq. km.)	1,028 persons per sq. km	
4.	Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)	19.98 per cent	
5.	Literacy rate [#] (as per 2011 Census) (All India Average = 73.00 per cent)	76.30 per cent	
6.	Infant mortality rate* (per 1,000 live births) (All India Average = 30 per 1,000 live births)	20	
7.	Life Expectancy at birth** (All India Average = 69.40 years)	71.60 years	
8.	Gini Coefficient [§] (All India = 0.36)	0.38	
9.	Human Development Index ^{@@}		
	a.	2018 (All India Average = 0.642)	0.492
	b.	2019 (All India Average = 0.645)	-----
10.	Gross State Domestic Product (GSDP) 2020-21 at current prices ^{***}	₹ 13,01,017 crore	
11.	Per capita GSDP (Per capita GDP of India = ₹ 1,44,096)	₹ 1,32,212	
12.	Per capita GSDP CAGR (2011-21) (All India = 8.08 per cent) [^]	9.87 per cent	
13.	GSDP CAGR (2011-21) (All India = 9.48 per cent) ^{&}	10.72 per cent	
14.	Population Growth (2011-21) (All India = 12.30 per cent) [^]	7.29 per cent	

B. Financial Data

Sl. No.	Particulars	2018-19 to 2019-20		2019-20 to 2020-21	
		States other than NE and Himalayan States	West Bengal	States other than NE and Himalayan States	West Bengal
a.	of Revenue Receipts	2.08	(-) 2.10	(-) 4.56	3.83
b.	of Own Tax Revenue	2.12	(-) 0.10	(-) 4.43	(-) 0.63
c.	of Non-Tax Revenue	23.38	(-) 12.14	(-) 35.60	61.78
d.	of Total Expenditure	4.16	(-) 0.63	4.54	7.46
e.	of Capital Expenditure	(-) 5.55	(-) 29.88	(-) 2.36	(-) 11.17
f.	of Revenue Expenditure on Education	11.97	10.15	(-) 1.32	11.98
g.	of Revenue Expenditure on Health	8.07	20.63	14.65	17.16
h.	of Salary and Wages	9.07	16.91	2.27	16.66
i.	of Pension	10.46	8.71	6.02	22.52
j.	of Subsidies	(-) 2.13	(-) 27.56	6.55	27.48

[@]O/o The Registrar General and Census Commissioner, Government of India

[#]Census 2011

^{*}SRS Bulletin, October 2021

^{**}SRS Abridged Life Tables 2014-18 (September 2020)

[§]Measures the degree of inequality in a distribution; Source (for India's figure): World Bank

^{@@}UNDP Report Human Development Report 2020

^{***}For GSDP, the information as available from Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 2 August 2021

[^]Report of the Technical Group on Population Projections for India and States (2011-36), Registrar General of India

[&]Central Statistical Office, MoSPI

APPENDIX 2.1*(Refer Paragraphs 2.5.2 and 2.7.1 in Chapter II)***Time Series Data on the State Government Finances**

Sl. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
		(₹ in crore)				
Part A. Receipts						
1	Revenue Receipts	117832	131270	145975	142914	148394
(i)	Own Tax revenue	45466	52721	60732	60669	60287
	Goods and Service Tax	0	14964	27067	27307	26013
	Taxes on Agricultural Income	7	7	1	1	0
	Taxes on Sales, Trade, etc.	27983	12999	7813	7161	9394
	State Excise	5226	9340	10622	11232	10666
	Taxes on Vehicles	1870	2317	2563	2601	2336
	Stamps and Registration Fees	4383	5261	5620	6026	5528
	Land Revenue	2569	2875	2847	2728	2756
	Other taxes	3428	4958	4199	3613	3594
(ii)	Non-Tax Revenue	2950	3117	3657	3213	5198
(iii)	State's share of Union taxes and duties	44625	49321	55776	48048	44737
(iv)	Grants-in-Aid from GoI	24791	26111	25810	30984	38172
2	Misc. Capital Receipts	0	0	692	0	0
3	Recovery of Loans & Advances	3233	214	804	67	150
4	Non-debt receipts (1+2+3)	121065	131484	147471	142981	148544
5	Public Debt Receipts	37524	45743	70197	75699	75429
(i)	Internal Debt	37005	43718	69019	73682	68999
(a)	Internal Debt (excluding Ways and Means Advances and Overdrafts)	35797	38323	44014	57822	60844
(b)	Ways and Means Advances and Overdrafts	1208	5395	25005	15860	8155
(ii)	Loans and Advances from GoI	519	2,025	1178	2017	6430
6	Total receipts in the Consolidated fund (4+5)	158589	177227	217668	218680	223973
7	Contingency Fund Receipts	0	0	0	0	12
8	Public Account Receipts	169633	202108	232785	229078	242473
9	Total Receipts of the State (6+7+8)	328222	379335	450453	447758	466458
Part B. Expenditure/ Disbursement						
10	Revenue Expenditure	133918	141077	156374	162575	177921
	Plan	36854	37515	0	0	0
	Non-Plan	97064	103562	0	0	0
	General Services (including Interest Payments)	50131	52416	56865	61931	70684
	Social Services	57067	59591	68764	73089	78847
	Economic Services	26156	28582	30256	27105	27941
	Grants-in-Aid and contribution	564	488	489	450	449

Sl. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
		(₹ in crore)				
11	Capital Outlay	11336	19368	23717	15971	13034
	Plan	11338	19373	0	0	0
	Non-Plan	-2	-5	0	0	0
	General Services	853	1003	927	748	546
	Social Services	4438	7606	7324	5439	3950
	Economic Services	6045	10759	15466	9784	8538
12	Disbursement of Loans & Advances	1197	-31	865	1266	2277
13	Total (10+11+12)	146451	160414	180956	179812	193232
14	Repayment of Public Debt	12304	25011	45786	40413	26890
	Internal Debt	11329	24010	44733	39282	25446
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	10121	18615	19728	23422	17291
	Ways and Means Advances and Overdrafts	1208	5395	25005	15860	8155
	Loans and Advances from GoI	975	1001	1053	1131	1444
15	Appropriation to Contingency Fund	0	0	0	0	0
16	Total Disbursement out of Consolidated Fund (13+14+15)	158755	185425	226742	220225	220122
17	Contingency Fund Disbursements	0	1	1	11	7
18	Public Accounts Disbursements	162817	197543	224962	219463	239748
19	Total disbursement by the state (16+17+18)	321572	382969	451705	439699	459877
Part C. Deficits						
20	Revenue Deficit (1-10)	-16086	-9807	-10399	-19661	-29527
21	Fiscal Deficit (4-13)	-25386	-28930	-33485	-36831	-44688
22	Primary Deficit (21-23)	317	-856	-4574	-5163	-10906
Part D. Other data						
23	Interest Payment	25703	28074	28911	31668	33782
24	Arrears of Revenue	NA	NA	NA	NA	NA
25	Financial Assistance to Local Bodies etc.	52675	54965	57589	61622	63131
26	Ways and Means Advances/Overdrafts availed (days)	3	22	149	107	56
27	Interest on WMA/Overdrafts	0	1	21	11	3
28	GSDP (At current prices)	872527	974700	1102283	1207823	1301017
29	Outstanding Fiscal Liabilities (year-end)	337682	360961	393300	433475	486430**
	Guarantees including interest	7817	8570	6623	8212	7821
30	Outstanding Guarantees (year-end) (Principal)	7801	8545	6593	8178	7728
	Outstanding Guarantees (year-end) (Interest)	16	25	30	34	93
31	Maximum amount guaranteed	15613	15034	16050	14228	15292
32	Number of Incomplete Projects	NA	NA	NA	NA	NA
33	Capital blocked in incomplete projects	3708	NA	NA	NA	NA
Part E. Fiscal health Indicators						

Sl. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
		(₹ in crore)				
I. Resource Mobilisation						
34	Own Tax Revenue/GSDP	0.052	0.054	0.055	0.050	0.046
35	Own Non-Tax Revenue/GSDP	0.003	0.003	0.003	0.003	0.004
36	Central Tax/GSDP	0.051	0.051	0.051	0.040	0.034
II. Expenditure Management						
37	Total Expdr./GSDP (%)	16.78	16.46	16.42	14.89	14.85
38	Total Revenue Expdr./Receipts (%)	113.65	107.47	107.12	113.76	119.90
39	Revenue Expdr./Total Expdr. (%)	91.44	87.95	86.42	90.41	92.08
40	Expdr. on Social Service (Total)	61590	67374	76462	78983	84804
41	Expdr. on SS/TE (%)	42.06	42.00	42.25	43.93	43.89
42	Expdr. on Eco. Service (Total)	33310	39131	46212	37697	36677
43	Expdr. on ES/TE (%)	22.74	24.39	25.54	20.96	18.98
44	CO/ Total outlay (%)	7.74	12.07	13.11	8.88	6.75
45	CO on Social and Eco. Service	10483	18365	22790	15222	12488
46	CO on SS and ES/TE (%)	7.16	11.45	12.59	8.47	6.46
III. Management of Fiscal Imbalances						
47	Revenue Deficit/GSDP (%)	1.84	1.01	0.94	1.63	2.27
48	Fiscal Deficit/GSDP (%)	2.91	2.97	3.04	3.05	3.43
49	Primary Deficit/GSDP (%)	-0.04	0.09	0.41	0.43	0.84
50	Revenue Deficit/Fiscal Deficit (%)	63.37	33.90	31.06	53.38	66.07
51	Primary Revenue Balance	9617	18267	18512	12007	4255
52	Primary Revenue Balance/GSDP	0.011	0.019	0.017	0.010	0.003
IV. Management of Fiscal Liabilities						
53	Fiscal liabilities/GSDP (%)	38.70	37.03	35.68	35.89	37.05 [#]
54	Fiscal Liabilities/RR (%)	286.58	274.98	269.43	303.31	327.80
55	Debt Receipts (Total)	104895	127580	161383	181007	186034
56	Debt Payment (Total)	73255	104301	129044	140832	133079
57	Total Debt Redemption (Principal + Interest)	98958	132375	157955	172500	166861
58	Debt Redemption(Principal+Interest)/ Total debt receipts	0.94	1.04	0.98	0.95	0.90
V. Other Fiscal health Indicators						
59	Return on Investment (in per cent)	0.01	0.25	0.28	0.45	0.01
60	BCR (₹ in crore)	6544	1797	NA*	NA*	NA*
61	Financial Assets/ Liabilities	0.33	0.35	0.38	0.39	0.39
62	IP/ RR	21.81	21.39	19.81	22.16	22.77

Source: Finance Accounts

*NA i.e., Not Applicable since Plan & Non Plan have are deleted from the year 2018-19 onwards.

** The effective outstanding fiscal liabilities would be ₹ 4,81,999 crore as GST compensation of ₹ 4,431 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Arrived at after exclusion of GST compensation of ₹ 4,431 crore received as back to back loan under debt receipts from the total outstanding liabilities.

APPENDIX 4.1*(Refer Paragraph 4.6.2 in Chapter IV)***Funds lying inoperative in PD
Accounts exceeding two years**

Sl. No.	Scheme ID	Scheme description	Amount (in ₹)
District Magistrate, Alipurduar			
1	16659	Construction of RI Office	3,12,834
2	16660	Bhupali Movement	57,552
3	16664	Wakfs	90,000
4	20100	Task force for development of Dooars	5,00,000
Total			9,60,386
District Magistrate, Murshidabad			
1	14515	NB No. 2073/12-13 MSDP Fund	30,12,988
		NB No. 2239/12-13 MSDP Fund	12,50,000
		NB No. 2240/12-13 MSDP Fund	1,40,44,160
		NB No. 2072/12-13 MSDP Fund	1,03,01,910
		NB No. 1246/14-15 MSDP	3,73,536
		DR No. 14/15-16 arsenic filter	6,00,000
		NB No. 2570/15-16 DOMA	2,01,620
		DR No. 68/15-16 DOMA	6,75,000
		NB No. 2507/16-17 DOMA	3,46,177
NB No. 1148 / 18-19 DOMA, EXGRTIA GRANT			6,00,000
Total			3,14,05,391
District Magistrate, Uttar Dinajpur			
1	8556	148=Graveyard	31,25,745
2	8558	165=National Fibre Mission-BRGF	9,15,080
3	8560	156=DLIT (District level Enquiry Team)	12,88,295
4	8570	142=Widening & Strengthening, RD Bhulki-Samaspur	44,38,758
5	8576	104=Minor Works Grant Fund	16,79,552
6	8596	76=U.B.U.P. (Dev. and Promotional scheme)	1,00,425
7	8621	101=Mass Education Ext. Deptt. Fund	1,25,000
8	8671	47=Construction of Morgues	5,72,951
9	8676	52=Vocational Training	73,000
10	8704	128=Pulse Polio	6,895
11	8705	129=Annapurna	2,98,452
12	8708	132=Rajiv Gandhi Akshay Urja Diwas	69,860
13	8712	136=Chash-o-Basobaser Bhumi-Dan Prkalpo	7,380
14	8715	139=Fund for Heritage Conservation	70,448
15	8722	166=Adhikar Housing Scheme-Spl.BRGF	17,10,000
16	8723	167=Tourism Fund	24,26,299
17	20743	North Bengal Development Fund	59,733
18	20987	Pathasathis/Motels	3,00,201
Total			1,72,68,074

Sl. No.	Scheme ID	Scheme description	Amount (in ₹)
District Magistrate, Paschim Bardhaman			
1	21089	RTC Training Exp.	90,000
2	21090	SHG & SE	43,65,174
3	21799	Residual balance of NRDMS	14,37,147
4	21803	District Annual Fund	3,65,000
5	21817	BCW&TD	1,00,000
Total			63,57,321
Additional Director & CEO, WBREDA			
1	23062	Solar Power Plant	5,23,60,000
2	20704	Aloshree	80,22,300
Total			6,03,82,300
GRAND TOTAL			11,63,73,472

Source: Departmental figures

APPENDIX 4.2

(Refer Paragraph 4.8 in Chapter IV)

Suspense and Remittance Balances which impact the Cash Balance

Sl. No.	Head of Account Ministry/ Department with which pending	Balance as on 31 March 2021		Impact of outstanding on cash balance
		Dr.	Cr.	
(₹ in crore)				
8658-Suspense Account				
1	101-PAO Suspense Ministry of Transport and Highways	128.13	13.57	Cash balance will increase on settlement
	Net	114.56 (Dr.)		
	101-PAO Suspense Ministry of External Affairs	1.42	0.26	Cash balance will increase on settlement
	Net	1.16 (Dr.)		
	101- PAO Suspense Central Pension Accounting Office (IAS officers pension)	88.64	-0.74	Cash balance will increase on settlement
	Net	89.38 (Dr.)		
	101- PAO Suspense Ministry of Finance (Central Freedom Fighter Pension)	1.15	0	Cash balance will increase on settlement
	Net	1.15 (Dr.)		
	101- PAO Suspense Other Central Ministry	3.40	-8.59	Cash balance will increase on settlement
	Net	11.99 (Dr.)		

Sl. No.	Head of Account Ministry/ Department with which pending	Balance as on 31 March 2021		Impact of outstanding on cash balance
		Dr.	Cr.	
		(₹ in crore)		
2	102-Suspense Account (Civil) Account with Defence	203.54	198.22	Cash balance will increase on settlement
	Net	5.32 (Dr.)		
	102-Suspense Account (Civil) Eastern Railway	4.28	4.36	Cash balance will decrease on settlement
	Net	0.08 (Cr.)		
	102-Suspense Account (Civil) South Eastern Railway	15.88	16.95	Cash balance will decrease on settlement
	Net	1.07 (Cr.)		
	102-Suspense Account (Civil) Other Railway Accounts	2.27	1.68	Cash balance will increase on settlement
	Net	0.59 (Dr.)		
	102-Suspense Account (Civil) Un credited amount under e- Payment	1,188.76	1,402.70	Cash balance will decrease on settlement
Net	213.94 (Cr.)			
3	109-Reserve Bank Suspense- Headquarters	-3.48	-1.08	Cash balance will decrease on settlement
	Net	2.40 (Cr.)		
4	123-AIS Officer Group Insurance Scheme	4.76	3.22	Cash balance will increase on settlement
	Net	1.54 (Dr.)		
5	129-Material purchase settlement Suspense Account	0.02	67.46	Cash balance will decrease on settlement
	Net	67.44 (Cr.)		

8782-Cash Remittances and Adjustments between officers rendering account to the same Accounts Officer

1	102-P.W. Remittances	14,156.28	14,145.20	Cash balance will increase on settlement
	I-Remittances into Treasuries			
	Net	11.08 (Dr.)		
	102-P.W. Remittances	52,205.99	52,320.76	Cash balance will decrease on settlement
	II- PW Cheques			
	Net	114.77 (Cr.)		
2	103-Forest Remittances	2,158.31	1,810.44	Cash balance will increase on settlement
	I-Remittances into Treasuries			
	Net	347.87 (Dr.)		
	103-Forest Remittances	3,969.19	4,291.85	Cash balance will decrease on settlement
	II-Forest Cheques			
	Net	322.66 (Cr.)		
3	8793-Inter State Suspense Accounts	30.61	0.43	Cash balance will increase on settlement
	Net	30.18 (Dr.)		

Source: Finance Accounts

APPENDIX 4.3

(Refer Paragraph 4.12 in Chapter IV)

Arrears of Accounts of Bodies or Authorities

Sl. No.	Name of ABs	Audited under which Section of the CAG's (DPC) Act (Section 19 (1), 19 (2), 19 (3), 20 (1) or 20 (2))	Financial year for which last accounts have been rendered	No. of Accounts pending up to F.Y. 2020-21	Whether the entity is functional?	Number of communication s/ reminders that have been sent to various entities since 1 April 2018 in pursuance of Accounts in arrears	Entity to which last communication/reminder has been sent (Management, Administrative Department, Finance Department or PAC or Others) (Since 1 April 2018)	Date on which last communication/reminder has been sent by PAG (after 1 April 2018)
Autonomous Bodies								
1	West Bengal Human Rights Commission	19(2)	2014-15	5	Yes	4	Management	20/09/21
2	West Bengal Building and other Construction Workers Welfare Board	19(2)	2018-19	2	Yes	3	Management	20/09/21
3	West Bengal State Legal Services Authority	19(2)	2015-16	5	Yes	4	Management	20/09/21
4	District Legal Service Authority, Kolkata	19(2)	Nil	23	Yes	4	Management	20/09/21
5	District Legal Service Authority, Bankura	19(2)	2019-20	1	Yes	4	Management	20/09/21
6	District Legal Service Authority, Birbhum	19(2)	2013-14	7	Yes	4	Management	20/09/21
7	District Legal Service Authority, Burdwan	19(2)	2007-08	13	Yes	4	Management	20/09/21
8	District Legal Service Authority, Coochbehar	19(2)	2019-20	1	Yes	4	Management	20/09/21
9	District Legal Service Authority, Darjeeling	19(2)	2019-20	1	Yes	4	Management	20/09/21
10	District Legal Service Authority, Uttar Dinajpur	19(2)	2019-20	1	Yes	4	Management	20/09/21
11	District Legal Service Authority, Dakshin Dinajpur	19(2)	2019-20	1	Yes	4	Management	20/09/21
12	District Legal Service Authority, Hooghly	19(2)	2017-18	3	Yes	4	Management	20/09/21

Sl. No.	Name of ABs	Audited under which Section of the CAG's (DPC) Act (Section 19 (1), 19 (2), 19 (3), 20 (1) or 20 (2))	Financial year for which last accounts have been rendered	No. of Accounts pending up to F.Y. 2020-21	Whether the entity is functional?	Number of communication s/ reminders that have been sent to various entities since 1 April 2018 in pursuance of Accounts in arrears	Entity to which last communication/reminder has been sent (Management, Administrative Department, Finance Department or PAC or Others) (Since 1 April 2018)	Date on which last communication/reminder has been sent by PAG (after 1 April 2018)
13	District Legal Service Authority, Howrah	19(2)	2008-09	12	Yes	4	Management	20/09/21
14	District Legal Service Authority, Jalpaiguri	19(2)	2019-20	1	Yes	4	Management	20/09/21
15	District Legal Service Authority, Malda	19(2)	2017-18	3	Yes	4	Management	20/09/21
16	District Legal Service Authority, Purba Medinipur	19(2)	2019-20	1	Yes	4	Management	20/09/21
17	District Legal Service Authority, Pashim Medinipur	19(2)	2017-18	3	Yes	4	Management	20/09/21
18	District Legal Service Authority, Murshidabad	19(2)	2017-18	3	Yes	4	Management	20/09/21
19	District Legal Service Authority, Nadia	19(2)	2019-20	1	Yes	4	Management	20/09/21
20	District Legal Service Authority, Purulia	19(2)	2019-20	1	Yes	4	Management	20/09/21
21	District Legal Service Authority, North 24 Parganas	19(2)	2019-20	1	Yes	4	Management	20/09/21
22	District Legal Service Authority, South 24 Parganas	19(2)	Nil	23	Yes	4	Management	20/09/21
23	West Bengal Financial Corporation	19 (2)	2019-20	1	Yes	0	-	-
24	West Bengal State Warehousing Corporation	19 (3)	2016-17	4	Yes	6	Management	02/07/21
25	W.B. University of Animal & Fishery Sciences	19 (3)	2011-12	9	Yes	5	Registrar	02/07/21
26	W.B. Veterinary Council	19 (3)	2019-20	1	Yes	3	Registrar	02/07/21
27	West Bengal Commission for Backward Classes	19 (3)	2019-20	1	Yes	2	Management	20/09/21
28	West Bengal Commission for Women	19 (3)	2016-17	4	Yes	2	Management	20/09/21

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Sl. No.	Name of ABs	Audited under which Section of the CAG's (DPC) Act (Section 19 (1), 19 (2), 19 (3), 20 (1) or 20 (2))	Financial year for which last accounts have been rendered	No. of Accounts pending up to F.Y. 2020-21	Whether the entity is functional?	Number of communication s/ reminders that have been sent to various entities since 1 April 2018 in pursuance of Accounts in arrears	Entity to which last communication/reminder has been sent (Management, Administrative Department, Finance Department or PAC or Others) (Since 1 April 2018)	Date on which last communication/reminder has been sent by PAG (after 1 April 2018)
29	West Bengal Unorganised Sector Workers' Welfare Board	19 (3)	2014-15	6	Yes	1	Management	20/09/21
30	West Bengal Minorities Development & Finance Corporation	19 (3)	2016-17	4	Yes	3	Management	20/09/21
31	West Bengal Scheduled Castes, Scheduled Tribes and Other Backward Classes Development & Finance Corporation	19 (3)	2019-20	1	Yes	1	Management	20/09/21
32	West Bengal Comprehensive Area Development Corporation	19 (3)	2015-16	5	Yes	3	Administrative Department	02/09/20
33	West Bengal Central School Service Commission	20 (1)	2013-14	7	Yes	4	Management	20/09/21
34	West Bengal Regional School Service Commission (Eastern Region)	20 (1)	2016-17	4	Yes	3	-	-
35	West Bengal Regional School Service Commission (Northern Region)	20 (1)	2014-15	6	Yes	1	Management	20/09/21
36	West Bengal Regional School Service Commission (Southern Region)	20 (1)	2014-15	6	Yes	4	Management	20/09/21
37	West Bengal Regional School Service Commission (Western Region)	20 (1)	2016-17	4	Yes	-	-	-
38	West Bengal Regional School Service Commission (South-Eastern Region)	20 (1)	2016-17	4	Yes	-	-	-
39	West Bengal State Council of Technical Education	20 (1)	2003-04	17	No	2	-	-
40	West Bengal Heritage Commission	19(3)	2017-18	3	Yes	3	Management	01/09/20
41	West Bengal Housing Board	19(3)	2015-16	5	Yes	3	Administrative Department	25/08/20

Sl. No.	Name of ABs	Audited under which Section of the CAG's (DPC) Act (Section 19 (1), 19 (2), 19 (3), 20 (1) or 20 (2))	Financial year for which last accounts have been rendered	No. of Accounts pending up to F.Y. 2020-21	Whether the entity is functional?	Number of communications/ reminders that have been sent to various entities since 1 April 2018 in pursuance of Accounts in arrears	Entity to which last communication/reminder has been sent (Management, Administrative Department, Finance Department or PAC or Others) (Since 1 April 2018)	Date on which last communication/ reminder has been sent by PAG (after 1 April 2018)
42	Asansol Durgapur Development Authority	20(1)	2014-15	9	Yes	4	Administrative Department	17/08/20
43	Burdwan Development Authority	20(1)	2015-16	5	Yes	4	Administrative Department	17/08/20
44	Bhargore Rajarhat Development Authority	20(1)	2009-10	11	Yes	1	Administrative Department	17/08/20
45	Digha Sankarpur Development Authority	20(1)	2018-19	2	Yes	2	Management	23/07/19
46	Haldia Development Authority	20(1)	2019-20	1	Yes	2	Management	23/07/19
47	Jaigaon Development Authority	20(1)	2016-17	4	Yes	3	Management	23/07/19
48	Mdnapore Kharagpur Development Authority	20(1)	2017-18	3	Yes	4	Administrative Department	17/08/20
49	New Town Kolkata Development Authority	20(1)	2017-18	3	Yes	2	Management	-
50	Siliguri Jalpaiguri Development Authority	20(1)	2018-19	2	Yes	3	Management	17/08/20
51	Sriniketan Santiniketan Development Authority	20(1)	2019-20	1	Yes	3	Management	-
52	West Bengal State NGRBA Program Management Group	20(1)	2019-20	1	Yes	0	Accounts for audit was entrusted upto 2016-17. Beyond 2016-17 no entrustment was received	-
53	Kolkata Metropolitan Development Authority	20(1)	2018-19	2	Yes	0	0	-
54	Roopkala Kendro	20(1)	2017-18	3	Yes	0	0	-
55	Commissioners for Rabindra Setu	20(1)	2019-20	1	Yes	2	Executive Officer (Management)	Nil

Sl. No.	Name of ABs	Audited under which Section of the CAG's (DPC) Act (Section 19 (1), 19 (2), 19 (3), 20 (1) or 20 (2))	Financial year for which last accounts have been rendered	No. of Accounts pending up to F.Y. 2020-21	Whether the entity is functional?	Number of communication s/ reminders that have been sent to various entities since 1 April 2018 in pursuance of Accounts in arrears	Entity to which last communication/reminder has been sent (Management, Administrative Department, Finance Department or PAC or Others) (Since 1 April 2018)	Date on which last communication/reminder has been sent by PAG (after 1 April 2018)
56	West Bengal Khadi & Village Industries Board	20(1)	2016-17	5	Yes	1	Chief Secretary to the Government of West Bengal (Administrative Department)	10/02/20
57	West Bengal Bio-Diversity Board	19(3)	2016-17	4	Yes	2	Chief Secretary to the Government of West Bengal (Administrative Department)	10/02/20
58	East Kolkata Wetland Management Authority	19(3)	2018-19	2	Yes	1	Chief Secretary to the Government of West Bengal (Administrative Department)	10/02/20
59	Compensatory Afforestation Fund Management and Planning Authority	20(1)	2017-18	3	Yes	1	Chief Secretary to the Government of West Bengal (Administrative Department)	10/02/20
60	Hooghly River Bridge Commissioners	19 (3)	2019-20	1	Yes	-	NA	NA
61	West Bengal State Urban Development Agency	19(3)	2017-18	3	Yes	-	-	-
62	Shishu Kishore Academy	20(1)	2017-18	3	Yes	-	-	-
63	Minerva Natya Sanskriti Charcha Kendra	20(1)	2017-18	3	Yes	-	-	-
64	Paschim Bangla Academy	20(1)	2015-16	5	Yes	-	-	-
65	Folk & Tribal Centre	20(1)	2013-14	7	Yes	-	-	-
Total (ABs)				288				

Note: Annual accounts received upto 30 September 2021 have been considered.

APPENDIX 5.1 (Refer Paragraph 5.3 in Chapter V)		Summarised financial position and working results of Government											
		Sector/ Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Nov 21)	Paid up Capital	Total Shareholder's Funds/ Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
Sl. No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(₹ in Crore)													
Working Government Companies													
Agriculture & Allied													
1.		BANGLAR DAIRY LTD.	2018-19	2020-21	62.84	195.78	52.14	755.93	62.75	18.46	247.91	25.31	9.43
					10.00	11.45	-	-	0.69	0.51	11.45	6.03	4.45
2.		PASCHIMBANGA AGRICULTURE MARKETING CORPORATION LIMITED	2019-20	2020-21	4.62	5.88	29.00	0.68	0.34	0.34	34.88	0.97	5.78
3.		THE STATE FISHERIES DEVELOPMENT CORPORATION LTD.	2018-19	2019-20	2.70	(6.77)	2.64	24.43	2.20	2.20	(4.13)	-	-
4.		WEST BENGAL AGRO-INDUSTRIES CORPORATION LTD.	2019-20	2020-21	8.41	(169.31)	2.00	257.87	13.18	(11.14)	(167.31)	-	-
5.		WEST BENGAL BIOTECH DEVELOPMENT CORPORATION LIMITED	2012-13	2016-17	0.05	22.41	-	-	(1.73)	(1.73)	22.41	-	-

6.	WEST BENGAL FOREST DEVELOPMENT CORPORATION LTD.	2019-20	2020-21	6.30	152.93	-	96.82	17.98	15.42	152.93	11.76	10.08
7.	WEST BENGAL LIVESTOCK DEVELOPMENT CORPORATION LTD.	2019-20	2020-21	15.64	15.46	0.56	95.19	(15.24)	(15.24)	16.02	-	-
8.	WEST BENGAL STATE FOOD PROCESSING AND HORTICULTURE DEVELOPMENT CORPORATION LIMITED	2015-16	2018-19	0.97	7.03	2.33	10.47	1.46	0.63	9.36	15.60	8.96
9.	WEST BENGAL STATE MINOR IRRIGATION CORPORATION LTD.	2017-18	2018-19	11.65	(33.62)	-	1.35	(3.42)	(3.32)	(33.62)	-	-
10.	WEST BENGAL STATE SEED CORPORATION LTD.	2019-20	2020-21	2.50	190.32	15.61	269.12	47.29	30.79	205.93	22.96	16.18
	Finance			713.18	3,683.08	1,999.73	441.95	255.17	58.70	5,682.81	4.49	1.59
11	WEBEL VENTURE CAPITAL LIMITED	2020-21	2021-22	0.05	0.83	-	0.04	0.03	0.03	0.83	3.61	3.61
12	WEST BENGAL FILM DEVELOPMENT CORPORATION LTD.	2018-19	2021-22	5.20	(111.02)	63.77	-	(1.37)	(6.96)	(47.25)	-	-
13	WEST BENGAL HANDICRAFTS DEVELOPMENT CORPORATION LTD.	2019-20	2020-21	46.60	42.64	2.50	126.84	13.42	8.95	45.14	29.73	20.99
14	WEST BENGAL INDUSTRIAL DEVELOPMENT CORPORATION LTD. (WBIDC LTD.)	2019-20	2020-21	435.93	2,558.54	140.80	82.84	38.87	11.52	2,699.34	1.44	0.45

15	WEST BENGAL INFRASTRUCTURE DEVELOPMENT FINANCE CORPORATION LTD. (WB GOVT. COMPANY)	2020-21	2021-22	225.30	1,191.24	1,792.66	232.20	204.32	45.26	2,983.90	6.85	3.80
16	WEST BENGAL WOMEN DEVELOPMENT UNDERTAKING	2018-19	2019-20	0.10	0.85	-	0.03	(0.10)	(0.10)	0.85	-	-
	Infrastructure			1,910.73	2,331.30	97.27	1,445.52	61.77	39.80	2,428.57	2.54	1.71
17	MACKINTOSH BURN LTD.	2019-20	2021-22	0.31	238.10	1.60	489.27	25.81	16.87	239.70	10.77	7.09
18	NEW TOWN KOLKATA GREEN SMART CITY CORPORATION LTD.	2019-20	2020-21	1.00	1.19	-	-	0.25	0.19	1.19	21.01	15.97
19	NEW TOWN TELECOM INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED	2020-21	2021-22	1.05	28.92	-	11.34	9.99	5.94	28.92	34.54	20.54
20	SUNDARBAN INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED	2017-18	2018-19	1.00	16.78	-	0.10	2.09	1.52	16.78	12.46	9.06
21	WEBEL ELECTRONICS INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED	2020-21	2021-22	0.05	(0.02)	-	-	(0.01)	0.01	(0.02)	-	-
22	WEST BENGAL ELECTRONICS INDUSTRY DEVELOPMENT CORPORATION LTD.	2019-20	2020-21	233.90	179.25	32.88	347.39	19.80	13.30	212.13	9.33	7.42

23	WEST BENGAL HIGHWAY DEVELOPMENT CORPORATION LIMITED	2019-20	2020-21	1,213.24	1,124.52	50.00	-	(49.86)	(36.88)	1,174.52	-	-
24	WEST BENGAL HOUSING INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED (WBHIDCO)	2019-20	2020-21	259.65	453.50	-	257.62	30.58	25.43	453.50	6.74	5.61
25	WEST BENGAL POLICE HOUSING & INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED	2020-21	2021-22	10.40	42.42	-	176.74	4.68	3.50	42.42	11.03	8.25
26	WEST BENGAL SMALL INDUSTRIES DEVELOPMENT CORPORATION LIMITED (WBSIDC LTD.)	2018-19	2020-21	187.03	209.69	12.79	156.57	20.57	12.05	222.48	9.25	5.75
27	WEST BENGAL TRANSPORT INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.	2020-21	2021-22	3.10	36.95	-	6.49	(2.13)	(2.13)	36.95	-	-
Manufacturing				358.51	(1,304.53)	706.55	124.66	(87.49)	(184.41)	(597.98)	-	-
28	BRITANNIA ENGINEERING LIMITED	2017-18	2018-19	11.29	(68.44)	39.52	19.59	(10.93)	(16.54)	(28.92)	-	-
29	DURGAPUR CHEMICALS LTD.	2020-21	2021-22	235.97	(25.12)	28.73	-	(28.76)	(30.79)	3.61	-	-
30	ELECTRO MEDICAL & ALLIED INDUSTRIES LTD.	2019-20	2020-21	16.40	(82.45)	36.87	3.79	(0.86)	(5.25)	(45.58)	-	-
31	GREATER CALCUTTA GAS SUPPLY CORPORATION LTD.	2019-20	2020-21	41.15	(456.09)	197.40	0.24	(23.45)	(47.85)	(258.69)	-	-

32	MAYURAKSHI COTTON MILLS (1990) LIMITED	2020-21	2021-22	7.76	(89.41)	43.46	1.19	(3.01)	(18.45)	(45.65)	-	-
33	THE SHALIMAR WORKS (1980) LTD.	2019-20	2020-21	1.25	(396.87)	155.01	1.06	(8.27)	(29.51)	(241.86)	-	-
34	WEBFIL LIMITED	2020-21	2021-22	8.53	9.52	0.45	38.46	4.15	1.46	9.97	41.62	15.34
35	WEST BENGAL MINERAL DEVELOPMENT AND TRADING CORPORATION LTD.	2020-21	2021-22	4.43	(81.25)	108.35	6.52	(3.59)	(13.16)	27.10	-	-
36	WEST BENGAL PHARMACEUTICAL & PHYTOCHEMICAL DEVELOPMENT CORPORATION LTD.	2017-18	2018-19	23.99	(8.10)	11.44	4.56	(2.64)	(4.13)	3.34	-	-
37	WESTING HOUSE SAXBY FARMER LTD.	2018-19	2021-22	7.74	(106.32)	85.02	49.25	(10.13)	(20.19)	(21.30)	-	-
	Others			6.59	276.95	80.43	1,039.82	158.51	106.23	357.38	44.35	38.36
38	BASUMATI CORPORATION LIMITED	2019-20	2020-21	0.10	(208.05)	75.67	9.22	(3.73)	(14.40)	(132.38)	-	-
39	SARASWATY PRESS LIMITED	2020-21	2021-22	5.50	299.56	-	554.62	94.08	70.52	299.56	31.41	23.54
40	SILPABARTA PRINTING PRESS LTD.	2019-20	2020-21	0.89	(3.27)	4.76	0.19	(1.82)	(2.15)	1.49	-	-
41	WEST BENGAL TEXT BOOK CORPORATION LIMITED	2020-21	2021-22	0.10	188.71	-	475.79	69.98	52.26	188.71	37.08	27.69
	Power			12,870.79	15,764.67	22,861.70	33,983.17	4,439.67	898.95	38,626.37	0.98	5.70
42	BENGAL BIRBHUM COALFIELDS LIMITED	2020-21	2021-22	0.10	(1.32)	-	-	(0.01)	(0.01)	(1.32)	-	-

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43	THE DURGAPUR PROJECTS LTD.	2020-21	2021-22	1,815.29	(1,747.65)	2,678.24	1,187.34	233.96	(113.59)	930.59	25.14	-
44	WEST BENGAL POWER DEVELOPMENT CORPORATION LIMITED	2020-21	2021-22	7,579.00	9,316.31	7,249.29	8,964.30	1,736.57	569.04	16,565.60	10.48	6.11
45	WEST BENGAL GREEN ENERGY DEVELOPMENT CORPORATION LIMITED	2020-21	2021-22	4.99	(1.01)	8.18	0.44	(1.73)	(1.68)	7.17	-	-
46	WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED	2020-21	2021-22	2,365.89	2,716.74	9,365.34	22,002.11	1,403.84	(190.20)	12,082.08	11.62	-
47	WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED	2020-21	2021-22	1,105.52	5,481.60	3,560.65	1,828.98	1,067.04	635.39	9,042.25	11.80	11.59
	Service			202.14	(2,818.84)	1,159.36	16,139.83	53.56	(103.15)	(1,659.48)	-	-
48	BISWA BANGLA MARKETING CORPORATION LIMITED	2019-20	2020-21	0.01	(1.60)	8.34	23.20	(2.14)	(2.14)	6.74	-	-
49	WEBEL ELECTRONICS MANUFACTURING CLUSTERS LIMITED	2020-21	2021-22	0.05	0.84	-	-	(0.01)	(0.01)	0.84	-	-
50	WEBEL TECHNOLOGY LIMITED	2018-19	2019-20	1.00	61.04	-	276.65	12.69	9.30	61.04	20.79	15.23
51	WEST BENGAL ESSENTIAL COMMODITIES SUPPLY CORPORATION LTD.	2015-16	2019-20	1.08	(16.45)	311.29	2,814.04	18.70	(0.67)	294.84	6.34	-
52	WEST BENGAL MEDICAL SERVICES CORPORATION LIMITED	2019-20	2020-21	10.00	111.53	95.00	25.56	22.28	14.78	206.53	10.79	13.25

53	WEST BENGAL STATE BEVERAGES CORPORATION LIMITED	2019-20	2020-21	20.00	121.77	-	12,892.24	62.32	46.80	121.77	51.18	38.43
54	WEST BENGAL SURFACE TRANSPORT CORPORATION LTD.	2020-21	2021-22	1.01	(725.19)	359.87	24.75	(30.96)	(76.95)	(365.32)	-	-
55	WEST BENGAL SWAROJGAR CORPORATION LIMITED	2018-19	2019-20	130.00	175.41	-	0.01	2.78	2.00	175.41	1.58	1.14
56	WEST BENGAL TOURISM DEVELOPMENT CORPORATION LTD.	2019-20	2021-22	17.99	100.27	5.08	49.54	(6.24)	(6.33)	105.35	-	-
57	WEST BENGAL TRADE PROMOTION ORGANISATION	2019-20	2020-21	0.60	27.69	-	-	0.35	0.35	27.69	1.26	1.26
58	WEST BENGAL TRANSPORT CORPORATION LIMITED {FORMERLY THE CALCUTTA TRAMWAYS COMPANY (1978) LIMITED}	2020-21	2021-22	20.40	(2,674.15)	379.78	33.84	(26.21)	(90.28)	(2,294.37)	-	-
Total- A: Working Government companies				16,124.78	18,128.41	26,957.18	53,930.88	4,943.94	834.58	45,085.58	10.97	4.60
Working Statutory Corporations												
Agriculture & Allied				7.61	74.60	-	78.40	54.17	39.04	74.60	72.61	52.33
59	WEST BENGAL STATE WAREHOUSING CORPORATION	2016-17	2019-20	7.61	74.60	-	78.40	54.17	39.04	74.60	72.61	52.33
Finance				702.69	1,139.54	1,084.33	93.43	146.34	97.81	2,223.87	6.58	8.58
60	WEST BENGAL FINANCIAL CORPORATION	2019-20	2020-21	227.34	81.54	328.41	69.53	29.40	(8.82)	409.95	7.17	-

61	WEST BENGAL MINORITIES DEVELOPMENT & FINANCE CORPORATION	2017-18	2020-21	150.00	450.00	646.30	22.79	88.88	75.68	1,096.30	8.11	16.82
62	WEST BENGAL SCHEDULED CASTES & SCHEDULED TRIBES AND OTHER BACKWARD CLASSES DEVELOPMENT & FINANCE CORPORATION	2019-20	2020-21	325.35	608.00	109.62	1.11	28.06	30.95	717.62	3.91	5.09
	Infrastructure			-	97.89	96.34	18.19	22.50	10.34	194.23	11.58	10.56
63	WEST BENGAL INDUSTRIAL INFRASTRUCTURE DEVELOPMENT CORPORATION	2017-18	2018-19	-	97.89	96.34	18.19	22.50	10.34	194.23	11.58	10.56
	Service			31.31	(4,268.61)	1,439.59	400.79	(178.98)	(290.13)	(2,829.02)	-	-
64	CALCUTTA STATE TRANSPORT CORPORATION	2019-20	2020-21	9.62	(2,720.33)	585.97	117.14	(167.27)	(173.97)	(2,134.36)	-	-
65	NORTH BENGAL STATE TRANSPORT CORPORATION	2018-19	2019-20	10.69	(846.39)	439.21	169.35	17.54	(37.06)	(407.18)	-	-
66	SOUTH BENGAL STATE TRANSPORT CORPORATION	2019-20	2020-21	11.00	(701.89)	414.41	114.30	(29.25)	(79.10)	(287.48)	-	-
	Total- B: Working Statutory Corporations			741.61	(2,956.58)	2,620.26	590.81	44.03	(142.94)	(336.32)	-	-
	Inactive Company/ Corporations											
	Agriculture & Allied			47.23	(379.38)	107.72	-	(34.91)	(51.59)	(271.66)	-	-
67	WEST BENGAL TEA DEVELOPMENT CORPORATION LTD.	2018-19	2019-20	47.23	(379.38)	107.72	-	(34.91)	(51.59)	(271.66)	-	-
	Finance			46.76	(5.45)	4.63	-	0.08	(0.10)	(0.82)	-	-

68	WEST BENGAL HANDLOOM AND POWERLOOM DEVELOPMENT CORPORATION LTD.	2016-17	2019-20	46.76	(5.45)	4.63	-	0.08	(0.10)	(0.82)	-	-
	Manufacturing			64.73	(2,312.97)	1,008.61	41.75	(57.63)	(181.13)	(1,304.36)	-	-
69	EASTERN DISTILLERIES & CHEMICALS LTD.	2012-13	2015-16	0.20	(5.09)	-	41.75	0.67	(0.20)	(5.09)	-	-
70	INFUSIONS (INDIA) LTD.	2018-19	2020-21	7.73	(27.78)	13.87	-	(0.96)	(3.10)	(13.91)	-	-
71	KALYANI SPINNING MILLS LIMITED	2019-20	2020-21	14.13	(1,190.08)	494.99	-	(41.30)	(104.97)	(695.09)	-	-
72	KRISHNA SILICATES AND GLASS (1987) LIMITED	2005-06	2008-09	0.00	0.01	81.60	-	(0.65)	(7.28)	81.61	-	-
73	LILY PRODUCTS LIMITED	2019-20	2020-21	0.01	(270.57)	67.65	-	(1.19)	(10.14)	(202.92)	-	-
74	NATIONAL IRON & STEEL COMPANY (1984) LTD.	2019-20	2021-22	0.50	18.34	7.67	-	(0.80)	(2.73)	26.01	-	-
75	NEO PIPES & TUBES CO LTD.	2019-20	2020-21	2.20	(16.79)	5.15	-	(1.05)	(1.78)	(11.64)	-	-
76	PULVER ASH PROJECTS LIMITED	2019-20	2020-21	2.15	(13.31)	13.00	-	(0.07)	(0.07)	(0.31)	-	-
77	THE CARTER POOLER ENGG CO. LTD.	2007-08	2008-09	0.95	(48.81)	20.69	-	(0.08)	(3.08)	(28.12)	-	-
78	WEST BENGAL CERAMIC DEVELOPMENT CORPORATION LTD.	2020-21	2021-22	2.93	(73.34)	25.99	-	(0.05)	(0.26)	(47.35)	-	-
79	WEST BENGAL INDUSTRIAL LAND HOLDINGS PRIVATE LIMITED	2018-19	2019-20	0.01	0.01	-	-	-	-	0.01	-	-

80	WEST BENGAL PLYWOOD AND ALLIED PRODUCTS LIMITED	2011-12	2013-14	0.09	(53.27)	26.78	-	(0.10)	(0.10)	(26.49)	-	-
81	WEST BENGAL PROJECTS LIMITED	2014-15	2018-19	1.89	(0.77)	-	-	(0.10)	(0.11)	(0.77)	-	-
82	WEST BENGAL STATE LEATHER INDUSTRIES DEVELOPMENT CORPORATION LIMITED	2010-11	2019-20	3.95	3.96	2.34	-	(0.14)	(0.46)	6.30	-	-
83	WEST BENGAL SUGAR INDUSTRIES DEVELOPMENT CORPORATION LIMITED	2020-21	2021-22	15.24	(192.45)	47.00	-	(0.01)	(6.19)	(145.45)	-	-
84	WEST DINAJPUR SPINNING MILLS LIMITED	2019-20	2020-21	12.75	(443.02)	201.88	-	(11.80)	(40.66)	(241.14)	-	-
Total- C: Inactive Government Companies				158.72	(2,697.79)	1,120.96	41.75	(92.46)	(232.82)	(1,576.83)	-	-
Non-working Statutory Corporations												
Service												
85	GREAT EASTERN HOTEL AUTHORITY	2019-20	2020-21	-	(37.17)	16.34	-	0.02	0.02	(20.83)	-	-
Total- D: Non-Working Statutory Corporations				-	(37.17)	16.34	-	0.02	0.02	(20.83)	-	-
Grand Total				17,025.11	12,436.86	30,714.74	54,563.44	4,895.53	458.80	43,151.60	11.34	3.69

Source: Accounts of SPSEs

Glossary of Terms

Terms	Description
Appropriation Accounts	Appropriation Accounts present the total amount of funds (Original and Supplementary) authorised by the Legislative Assembly in the budget grants under each voted grant and charged appropriation <i>vis-à-vis</i> the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Legislature.
Autonomous Bodies	Autonomous Bodies (usually registered Societies or Statutory Corporations) are set up whenever it is felt that certain functions need to be discharged outside the Governmental set-up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the present executive has limited control.
Consolidated Fund of the State	The fund constituted under Article 266(1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the Consolidated Fund of the State is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingency Fund	Contingency Fund is in the nature of an imprest into which is paid from time to time such sums as may be determined by law, and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Legislature Assembly by law under Article 115 or Article 116 of the Constitution.
Contingent liability	Contingent liability is a liability which may or may not be incurred by an entity depending on the outcome of a future event such as a court case.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the 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 with the increase in capacity to service the debt.
Guarantees	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.
Public Accounts Committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India.

Terms	Description
Re-appropriation	Means the transfer of funds from one primary unit of appropriation to another such unit.
Sinking Fund	A Fund into which the Government sets aside money over time, in order to retire its debt.
Supplementary grants	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115(1) of the Constitution.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Department, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Department is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L. Suspense and Miscellaneous" of the Accounts, (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance). A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars.
Net Debt Available	Excess of Public Debt Receipts and Public Account Receipts over Public Debt Repayment, Public Account disbursement and payment of Interest.

List of Abbreviations Used

Abbreviations	Full Form
A&E	Accounts & Entitlement
AB	Autonomous Body
AC	Abstract Contingent
AE	Aggregate Expenditure
AGM	Annual General Meeting
AIS	All India Service
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APL	Above Poverty Line
AS	Accounting Standard
ATC	Area Traffic Control
AVT&M	Automated Vehicle Tracking & Management
BADP	Border Area Development Programme
BCR	Balance from Current Revenue
BCW&TD	Backward Class Welfare & Tribal
BE	Budget Estimate
BEUP	Bidhayak Elaka Unnayan Prakalpa
BGREI	Bringing Green Revolution to Eastern India
BGVB	Bangiya Gramin Vikash Bank
BP	Budget Provision
BPL	Below Poverty Line
BRGF	Backward Region Grant Fund
BSBY	Bangla Shasthya Bima Yojana
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAO	Chief Accounts Officer
CC	Cement Concrete
CCL	Cash Credit Loan
CCO	Chief Controlling Officer
CCTNS	Crime and Criminal Tracking and Network System
CCTV	Closed Circuit Television

Abbreviations	Full Form
CE	Capital Expenditure
CEO	Chief Executive Officer
CGST	Central Goods and Services Tax
CLC	Calcutta Leather Complex
CNCI	Chittaranjan National Cancer Institute
CO	Capital Outlay
CPPSS	Critical Public Place Surveillance System
CSTC	Calcutta State Transport Corporation
DA	Dearness Allowance
DC	Detailed Contingent
DCRMS	Distressed Call Response Management System
DDO	Drawing and Disbursing Officer
DDR	Debt, Deposit and Remittances
DE	Development Expenditure
DLSA	District Legal Services Authority
DM	District Magistrate
DOMA	District Office Minority Affairs
DPC	Duties, Powers and Conditions
DPL	Durgapur Projects Limited
DR	Dearness Relief
EBIT	Earnings before Interest and Tax
ES	Economic Service
FA	Finance Accounts
FC	Finance Commission
FD	Fiscal Deficit
FOAP	Farmers' Old Age Pension
FPSS	Fiscal Policy Strategy Statement
FRBM	Fiscal Responsibility and Budget Management
FSG	Food Supply Godown
FSSM	Facal Sludge and Septage Management
FY	Financial Year
GCS	General Category State

Abbreviations	Full Form
GDP	Gross Domestic Product
GIA	Grants-in-Aid
GIS	Geographic Information System
GoI	Government of India
GoWB	Government of West Bengal
GRF	Guarantee Redemption Fund
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
IAS	Indian Administrative Service
IFMS	Integrated Financial Management System
IGST	Integrated Goods and Services Tax
IGVTDC	Integrated GIS based Automatic Vehicle Tracking & Management System, Traffic Management, Disaster Call Management & Critical Public place Surveillance System
IIP	Index of Industrial Production
KETRON	Kerala State Electronics Development Corporation Limited
KMDA	Kolkata Metropolitan Development Authority
IGAS	Indian Government Accounting Standard
IP	Interest Payments
MB	Market Borrowing
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MoSPI	Ministry of Statistics and Programme Implementation
MTFP	Medium Term Fiscal Policy
MSDP	Multi Sectoral Development Program
MSME	Micro, Small and Medium Enterprises
MTFPS	Medium Term Fiscal Policy Statement
NBSTC	North Bengal State Transport Corporation
NCDC	National Cooperative Development Corporation
NDRF	National Disaster Response Fund
NE	North-Eastern
NGO	Non-Government Organization

Abbreviations	Full Form
NGRBA	National Ganga River Basin Authority
NHM	National Health Mission
NPS	National Pension System
NRC	Non-Review Certificate
NRDMS	Natural Resources Data Management System
NRHM	National Rural Health Mission
NSDL	National Securities Depositories Limited
NSSF	National Small Savings Fund
OD	Overdraft
OTR	Own Tax Revenue
PAC	Public Accounts Committee
PAO	Pay and Accounts Office
PD	Personal Deposit / Primary Deficit
PDA	Personal Deposit Account
PDS	Public Distribution System
PE	Provisional Estimate
PF	Provident Fund
PL	Personal Ledger
PMAY	Pradhan Mantri Awas Yojana
PMGSY	Pradhan Mantri Gram Sadak Yojana
PSU	Public Sector Undertaking
PW	Public Works
PWD	Public Works Department
PY	Previous Year
RB	Reserve Bank
RBI	Reserve Bank of India
RD	Revenue Deficit
RE	Revised Estimate/ Revenue Expenditure
RKVY	Rashtriya Krishi Vikash Yojana
RLB	Rural Local Body
ROCE	Return on Capital Employed
ROE	Return on Equity

Abbreviations	Full Form
ROPA	Revision of Pay and Allowance
RR	Revenue Receipts
RTC	Regional Training Centre
SAR	Separate Audit Report
SC	Scheduled Caste
SCAF	State Compensatory Afforestation Fund
SDL	State Development Loan
SDRF	State Disaster Response Fund
SE	Second Estimate
SFAR	State Finances Audit Report
SGST	State Goods and Services Tax
SHG	Self Help Group
SPSEs	State Public Sector Enterprises
SR	Subsidiary Rule
SRS	Sample Registration System
SS	Social Service
ST	Scheduled Tribe
SUDA	State Urban Development Agency
SWMA	Special Ways and Means Advance
TDS	Tax deducted at Source
TE	Total Expenditure
TPDS	Targeted Public Distribution System
UC	Utilisation Certificate
ULB	Urban Local Body
UNDP	United Nations Development Programme
VLC	Voucher Level Computerisation
WBCETF	West Bengal Compensatory Entry Tax Fund
WBCGA	West Bengal Ceiling on Government Guarantee Act
WBEIDCL	West Bengal Electronics Industry Development Corporation Limited
WBERC	West Bengal Electricity Regulatory Commission
WBFR	West Bengal Financial Rule
WBFRBM	West Bengal Fiscal Responsibility and Budget Management

Abbreviations	Full Form
WBHDCL	West Bengal Highway Development Corporation Limited
WBHIDCL	West Bengal Housing Infrastructure Development Corporation Limited
WBPDCCL	West Bengal Power Development Corporation Limited
WBPEF	West Bengal Board of Primary Education Fund
WBREDA	West Bengal Renewable Energy Development Agency
WBREPF	West Bengal Rural Employment and Production Fund
WBSBCL	West Bengal State Beverages Corporation Limited
WBSBST&OBC	West Bengal Scheduled Castes, Scheduled Tribes and Other Backward Classes
WBSEDCL	West Bengal State Electricity Distribution Company Limited
WBSETCL	West Bengal State Electricity Transmission Company Limited
WBSHWCSL	West Bengal State Handloom Weavers' Cooperative Society Limited
WBSROPA	West Bengal Services (Revision of Pay and Allowances)
WBTDCCL	West Bengal Tourism Development Corporation Limited
WBTR	West Bengal Treasury Rules
WMA	Ways and Means Advance

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