

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year as compared with amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-09 against 60 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/ Supplementary provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	31151.75	10478.05	41629.80	39773.84	(-) 1855.96
	II Capital	3296.74	1294.95	4591.69	4038.19	(-) 553.50
	III Loans and Advances	958.93	83.67	1042.60	759.65	(-) 282.95
	IV. Public Debt	0.40	-	0.40	-	(-) 0.40
Total Voted		35407.82	11856.67	47264.49	44571.68	(-) 2692.81
Charged	IV Revenue	13125.10	31.53	13156.63	12815.32	(-) 341.31
	V Capital	-	3.69	3.69	2.61	(-) 1.08
	VI Public Debt- Repayment	5923.97	8035.56	13959.53	14118.77	(+) 159.24
Total Charged		19049.07	8070.78	27119.85	26936.70	(-) 183.15
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		54456.89	19927.45	74384.34	71508.38	(-) 2875.96

Source: Appropriation Accounts

The overall saving of Rs 2875.96 crore was the result of saving of Rs 3581.85 crore in 53 grants and 27 appropriations under Revenue Section and 43 grants and 20 appropriations under Capital Section, offset by excess of Rs 705.89 crore in eight grants under Revenue Section and nine grants under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (5 June 2009) to the Controlling Officers requesting them to explain the significant variations. Out of 1175 sub-heads, explanations for variations were not received (June 2009) in

respect of 1048 sub-heads (Saving: 744 sub-heads and Excess: 304 sub-heads). Substantial savings occurred in Commerce and Industries, Education (School), Finance and Panchayat and Rural Development Departments. Substantial excess occurred in Finance, Public Works and Self Help Group and Self Employment Departments. Reasons for savings and excesses were not furnished by the Departments.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 79 cases, savings exceeded Rs 10 crore in each case or by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of Rs 3581.85 crore, savings of Rs 2852.66 crore (80 per cent) occurred in 22 cases¹ relating to 19 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	5-Agriculture	397.33	117.96	515.29	447.10	68.19
2	6-Animal Resources Development	367.56	-	367.56	315.29	52.27
3	12-Development and Planning	233.96	13.53	247.49	155.78	91.71
4	13-Education (Higher)	976.90	53.70	1030.60	953.56	77.04
5	15-Education (School)	6565.74	411.34	6977.08	6564.69	412.39
6	24-Health and Family Welfare	2006.06	-	2006.06	1917.45	88.61
7	35-Labour	261.22	-	261.22	210.93	50.29
8	38-Minority Affairs and Madrasah Education	326.43	84.88	411.31	256.52	154.79
9	39-Municipal Affairs	1799.91	17.27	1817.18	1747.43	69.75
10	40-Panchayat and Rural Development	2337.12	38.11	2375.23	2118.65	256.58
11	45-Public Health Engineering	317.71	-	317.71	254.54	63.17
12	47-Disaster Management	567.77	224.40	792.17	652.90	139.27
13	53-Transport	482.88	-	482.88	385.37	97.50
14	54-Urban Development	1294.76	-	1294.76	1154.62	140.14
15	56-Women and Child Development and Social Welfare	872.23	174.92	1047.15	985.26	61.89
Capital-Voted						
1	9-Commerce and Industries	99.16	186.18	285.34	47.62	237.72
2	24-Health and Family Welfare	197.41	-	197.41	137.87	59.54
3	25-Public Works	670.85	-	670.85	617.01	53.84
4	32-Irrigation and Waterways	430.87	-	430.87	244.37	186.50
5	43-Power and Non Conventional Energy Sources	1008.47	556.73	1565.20	1497.14	68.06
6	45-Public Health Engineering	676.29	283.64	959.93	825.66	134.27
Revenue-Charged						
1	18-Finance	12945.38	-	12945.38	12656.24	289.14
	Total					2852.66

Source: Appropriation Accounts

¹ Exceeding Rs 50 crore in each case

- Under Grant No. 5 in Revenue Voted Section, main reason for savings was augmentation of funds by supplementary provision in March 2009 required for Additional Central Assistance Scheme under Stream II of Rashtriya Krishi Vikas Yojana (RKVY).
- Under Grant No. 13 in Revenue Voted Section, saving was mainly attributable to supplementary provision in March 2009 required for larger establishment charge for the Universities.
- Under Grant No. 15 in Revenue Voted Section, saving (Rs 145.82 crore) was due to augmentation of funds by supplementary provision in March 2009 required for meeting increased liabilities on different plan schemes. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 38 in Revenue Voted Section, saving of Rs 131.19 crore was the result of supplementary provision in March 2009 required for increased establishment charges. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 45 in Revenue Voted Section, saving (Rs 53.87 crore) was due to minus expenditure arising out of settlement of interim transactions booked under Suspense head in connection with purchase and supply of material for works of the Public Works Department. Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 47 in Revenue Voted Section, saving were attributable to supplementary provision in March 2009 for meeting larger expenditure towards normal G.R.–Food and Clothes (Rs 20.20 crore), supply of Tarpaulins etc (Rs 52.37 crore) and Housing (Rs 11.90 crore). Reasons for savings in other cases of the grant were not intimated.
- Under Grant No. 56 in Revenue Voted Section, supplementary provision for releasing additional funds received from GOI under Centrally Sponsored (New Schemes) as well as matching State's share under State Plan Sector for implementation of Supplementary Nutritional Programme resulted in savings.
- Savings (Rs 195.33 crore) under Capital Voted Section of Grant No. 9 was due to supplementary provision in March 2009 for conversion of unsecured loans sanctioned to the West Bengal Industrial Development Corporation into equity (Share Capital). Savings in other cases of the grant were not intimated.
- Savings of Rs 134.27 crore under the Grant No. 45 (Capital Voted Section) were mainly attributable to supplementary provisions in March 2009 for eradication of Arsenic Contamination under recommendation of Twelfth Finance Commission (Rs 90.31 crore), for meeting expenditure of Water Supply Schemes under Municipalities (Rs 12.20 crore) and for creation of funds releasing additional Central Assistance received from GOI for Darjeeling Water Supply Pumping Scheme (Rs 20 crore).

Reasons for savings under other grants were not intimated.

2.3.2 Persistent Savings

In 21 cases, during the last five years there were persistent savings of more than Rs 1 crore in each case and also by 10 per cent or more of the total grant (**Table 2.3**)

Table 2.3: List of Grants registering persistent savings during 2004-09

(Rupees in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	1 State Legislature	5.46 (26)	5.34 (24)	5.69 (25)	4.95 (17)	7.41 (25)
2	7 Backward Classes Welfare	-*	65.55 (19)	58.33 (16)	64.06 (15)	-*
3	10 Consumer Affairs	2.65 (13)	3.05 (14)	4.85 (20)	6.47 (25)	5.26 (18)
4	22 Food Processing Industries and Horticulture	1.91 (12)	7.29 (40)	8.72 (48)	12.56 (33)	19.01 (32)
5	31 Information and Technology	7.31 (55)	5.05 (20)	14.49 (52)	17.77 (33)	13.96 (30)
6	34 Judicial	27.01 (18)	25.09 (17)	20.80 (14)	30.48 (17)	34.10 (17)
7	35 Labour	54.28 (28)	55.59 (28)	55.09 (27)	-*	50.29 (19)
8	38 Minority Affairs and Madrasah Education	0.58 (15)	0.88 (21)	16.34 (79)	128.64 (54)	154.79 (38)
9	39 Municipal Affairs	-*	65.99 (83)	42.43 (39)	269.88 (17)	-*
Capital-Voted						
1	5 Agriculture	8.07 (98)	8.26 (77)	6.14 (42)	14.74 (87)	4.93 (58)
2	9 Commerce and Industries	6.89 (19)	3.88 (10)	11.65 (21)	9.42 (18)	237.72 (83)
3	15 Education (School)	3.00 (60)	2.50 (50)	4.11 (68)	14.35 (77)	7.68 (56)
4	19 Fire Services	6.36(80)	3.99 (50)	3.39 (38)	5.68 (38)	6.44 (26)
5	22 Food Processing Industries and Horticulture	3.15 (97)	2.67 (51)	4.51 (55)	17.20 (85)	3.38 (41)
6	23 Forest	12.62 (84)	8.85 (59)	12.86 (86)	12.37 (49)	-*
7	24 Health and Family Welfare	32.43 (70)	19.62 (28)	62.67 (54)	67.83 (52)	59.54 (30)
8	25 Public Works	230.05 (48)	266.83 (39)	310.31 (43)	240.03 (29)	-*
9	32 Irrigation and Waterways	73.46 (34)	92.34 (37)	180.58 (52)	126.14 (35)	186.50 (43)
10	36 Land and Land Reforms	0.43 (98)	2.08 (20)	7.52 (30)	2.21 (19)	13.90 (43)
11	39 Municipal Affairs	125.87 (92)	65.99 (83)	42.43 (39)	35.41 (30)	41.66 (22)
12	51 Technical Education and Training	1.45 (83)	4.91 (81)	9.08 (70)	2.63 (43)	-*

Source: Appropriation Accounts

*Savings were within 10 per cent of the respective grant

Further analysis showed that the following were the main reasons attributable to persistent savings:

- Savings under Revenue Voted Section of Grant No. 7 – Backward Classes Welfare were due to supplementary provision for development of Primitive Tribal Groups as well as for Old age pension to person belonging to SC and ST, release of funds received from Government of India as well as under Special Central Assistance for Special Component Plan and Tribal Sub Plan and also for sanctioning students' scholarship to Post Secondary Students.
- In respect of Savings under Revenue Voted Section of Grant No. 35- Labour, augmentation of funds by supplementary provision for meeting establishment charges and for providing financial assistance to increased number of workers and also for Government contribution to Provident Fund Scheme for unorganised workers was the main attributable factor.
- Under Capital Voted Section of Grant No. 25 – Reasons for Savings were minus expenditure in transactions of Public Works System of accounts under Suspense, for adjustment of the amount under 'West Bengal Transport Infrastructure Development Fund'.

Reasons for savings in other major cases under Revenue Voted and Capital Voted Section were not intimated.

2.3.3 Excess Expenditure

In ten cases, expenditure aggregating Rs 23631.65 crore exceeded the approved provisions by Rs 10 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.2**.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/ service without provision of funds. It was, however, noticed that expenditure of Rs 1332.10 crore was incurred in 32 cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
4-Agricultural Marketing-Capital (Voted)-6408-Loans for Food Storage and Warehousing 02 Storage and Warehousing 190 Loans to Public Sector and other Undertakings-SP-001-Loans to BENFED for procurement of Potatoes		10.00
9-Commerce and Industries-2852-Industries-80-General-800- Other Expenditure-SP 001- State Government's Grants to WBIDC for development in Infrastructure facilities in the "No. Industry District"		42.79
11-Micro and Small Scale Enterprises and Textiles-2851-Village and Small Industries-110 SP007 Development Schemes for Khadi and Village Industries-Composite Village and Small Industries and Co-operatives –Plan-CS 017-Handloom Cluster Development		6.21
11- Micro and Small Scale Enterprises and Textiles-2851-Village and Small Industries-102-Small Scale Industries-SP 016-Repairing, Renovation and Upgradation of Industrial Estate		6.00
15-Education(School)-2202 General Education-01-Elementary Education 112 National Programme of Mid Day Meals in Schools-CS 003-Assistance for Transportation of foodgrain under MDM Scheme		5.25
16-Environment-3435-Ecology and Environment-04-Prevention and Control of Pollution 800 Other Expenditure-SP 003-Subsidy to three wheeler units for retrofitting kit for change of fuel from petrol to LPG		3.00
	18-Finance-Revenue(Charged)-2049-Interest Payments 01 Interest on Internal Debt 101-Interest on Market Loans (Charged)-Non Plan	
	085-8.30 per cent West Bengal Government Stock, 2018	78.35
	086-8.60 per cent West Bengal Government Stock, 2018	79.68
	087-8.52 per cent West Bengal Government Stock, 2018	42.60

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
	089-9.38 per cent West Bengal Government Stock, 2018	37.52
	090-7.87 per cent West Bengal Government Stock, 2018	55.09
	091-9.90 per cent West Bengal Government Stock, 2018	39.60
	092-8.80 per cent West Bengal Government Stock, 2018	79.20
	18-Finance-Capital (Charged)-6003-Internal Debt of the State Government-	
	111-Special Securities issued to National Small Savings Funds of the Central Government-Non-Plan	
	001-13.50 per cent Government of West Bengal (NSSF)(Non-transferable) Special Securities, 1999(FA)	64.53
	002-12.50 per cent Government of West Bengal (NSSF)(Non-Transferable)Special Securities, 2000(FA)	129.13
	003-11 per cent Government of West Bengal (NSSF)(Non-transferable) Special Securities, 2001 (FA)	106.87
	004-Government of West Bengal (NSSF) (Non transferable) Special Securities	208.14
	6004-Loans and Advances from the Central Government-01-Non-Plan-Loans – 101 Loans to cover gap in resources Non-Plan 001-Special Medium-Term Non-Plan Loans	75.89
24-Health and Family Welfare- Revenue (Voted)-2210-Medical and Public health-06-Public Health-800-Other Expenditure SP 002-Other Preventive Services in Scheduled Castes Areas		3.50
2211-Family Welfare-200 Other Services and Supplies CS 007-Other Expenditure		5.25
24-Health and Family Welfare- Capital (voted)-4210-Capital Outlay on Medical and Public health 01 Urban Health Services 800 Other Expenditure-SP-040-Establishment of Centre of Excellence on Transfusion Medicine		4.85
25-Public Works-Revenue(Voted)-3054-Roads and Bridges		
80 General 797 Transfers to/from Reserve Fund Deposit Account -Non Plan-001-Transfer to the deposit account for subventions from Central Roads Fund		8.24
Plan-SP 002-Transfer to West Bengal Transport Infrastructure Development Fund		42.69
Capital (voted)-4059-Capital Outlay on Public Works 80 General 800 Other Expenditure-SP 001 - Construction of underground Car Park and beautification of BBD Bag		13.02

Number and names of		Expenditure incurred without provisions
Grants	Appropriations	
4210-Capital Outlay on Medical and Public Health 03 Medical Education, Training and Reserch 105 Allopathy-SP 001-Development of Teaching Facilities in Ayurvedic System of medicine (HF)		11.87
39-Municipal Affairs-Revenue (Voted)- 2217-Urban Development 05 Other Urban Development Schemes-192-Assistance to Municipalities		
Municipal Councils-SP 002-Integrated Housing and Slum Development Programme		40.53
40-Panchayat and Rural Development-Revenue(Voted)		
2235-Social Security and Welfare		
60-Other Social Security and Welfare programmes 800 Other Expenditure-Non-Plan-002-Implementation of Sahay Programme		10.00
51-Technical Education and Training-Capital (Voted)-		
4202-Capital Outlay on Education, Sports, Art and Culture 02 Technical Education 104 Polytechnics-SP 007-Setting up of New Polytechnics, new ITI-s Entrepreneurship Development Institute		8.02
4250-Capital Outlay on other Social Service 00 201 Labours-CS 002-Upgradation of ITI-s into Centres of Excellence (Central Share)		1.99
54-Urban Development-2217-Urban Development 05 Other Urban Development Schemes 191 assistance to Municipal Corporations-SP 004-Grants to HIT for construction of a large park at Salkia and four small parks at Makardah Road, Gadadhar Mistri Lane, Kasundia road and Kankrapara		4.67
SP 053-Grants to ADDA for BSUP Schemes under JNNURM (JNURM)(UD)		7.62
59-Self-Help Group and Self-Employment-Capital (Voted)-4435-Capital Outlay on other Agricultural Programmes-101-marketing facilities-SP 010-State contribution to Swarojgar		100.00
Total		1332.10

Source: Appropriation Accounts

Expenditure of Rs 7598.98 crore incurred without provisions for Special Ways and Means Advances and Overdraft under Grant no 18 (6003- internal debt of the State Government) has not been included in the list.

In none of the cases, reasons for incurring expenditure without any budget provision were intimated by the Departments (September 2009).

2.3.5 Drawal of funds to avoid lapse of budget grant

Rules 4.004 and 4.005 of West Bengal Treasury Rules inter alia stipulate that (i) no money should be drawn from the Consolidated Fund unless it is required for immediate disbursement and (ii) the money should be spent for the purpose for which it was provided for in the Appropriation Act by the Legislature.

Test-check of records of four DDOs revealed that an amount of Rs 65.17 crore, allotted for implementation of various development schemes was transferred to Deposit Accounts from different Service Heads by drawing transfer credit bills ('NIL' bills) from the Treasury during 2008-09, as detailed below:

Table 2.5: Amount transferred to Deposit Account

(Rupees in crore)

Name of the DDO	Amount transferred	Service Head	Deposit Head	Name of the authority operating the Deposit Account
DM, Cooch Behar	13.03	5475, 3425, 2509, 2230, 5452, 2575	8443	DM
DM, South 24 Parganas	17.12	5475, 3423, 2505, 2575, 3425, 4202	8443	DM
DM, North 24 Parganas	8.85	2217, 2575, 2515, 5475, 4202	8443	DM
	11.81	3604	8448	Zilla Parishad, North 24Pgns
DM, Howrah	14.36	5475, 2575, 2235, 4202, 3452	8443	DM
	65.17			

Source: Records of test-checked DDOs

Thus, Rs 65.17 crore, though booked as expenditure, was not actually spent but credited to Deposit Account, thereby inflating the expenditure shown in the Government Account for 2008-09.

2.3.6 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to Rs 28200.65 crore for the years 2003-2008 was yet to be regularised as detailed in **Appendix 2.3**. The year-wise amounts of excess expenditure pending regularisation for grants/appropriations are summarised in **Table 2.6**.

Table 2.6: Excess over provisions relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (Rupees in crore)	Status of Regularisation
	Grants	Appropriations		
2003-04	11 (Grant Nos. 7, 9, 16, 29, 31, 37, 47, 51, 54, 55, 56)	9 (Grant Nos. 5, 9, 18, 27, 28, 36, 43, 45, 47)	10734.02	Act of Regularisation on excess expenditure for the years 2003-08 is awaited. Consolidated replies from Government for the years 2003-08 were yet to be received
2004-05	8 (Grant Nos. 8, 18, 20, 25, 29, 48, 53, 56)	7 (Grant Nos. 1, 6, 18, 20, 21, 24, 36)	4767.14	
2005-06	13 (Grant Nos. 6, 7, 9, 11, 20, 30, 38, 44, 45, 50, 52, 53, 54)	4 (Grant Nos. 6, 12, 18, 43)	260.64	
2006-07	12 (Grant Nos. 8, 9, 11, 13, 20, 26, 28, 30, 31, 43, 45, 54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293.31	
2007-08	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12145.54	
Total	58	36	28200.65	

Source: Appropriation Accounts

Non regularisation of excess expenditure indicates breach of legislative control over appropriations.

2.3.7 Excess over provisions during 2008-09 requiring regularisation

Table 2.7 contains the summary of total excess expenditure under 13 grants and four appropriations amounting to Rs 705.89 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2008-09 which requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2008-09

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
			(Rupees in crore)		
Voted Grants					
1	4 Capital	Agricultural Marketing	4.85	13.35	8.50
2	9 Revenue	Commerce and Industries	315.87	352.85	36.98
3	18 Revenue	Finance	4716.22	4819.02	102.80
4	20 Revenue	Fisheries	86.47	93.40	6.93
5	21 Revenue	Food and Supplies	865.11	932.43	67.32
6	25 Revenue	Public Works	1167.77	1303.91	136.14
7	27 Revenue	Home	1734.71	1768.35	33.64
8	35 Capital	Labour	0.27	0.28	0.01
9	50 Capital	Sunderban Affairs	75.00	84.41	9.41
10	52 Revenue	Tourism	26.89	27.68	0.79
11	53 Capital	Transport	206.28	242.31	36.03
12	54 Capital	Urban Development	48.24	52.38	4.14
13	59 Capital	Self Help Group and Self Employment	2.09	102.09	100.00
Total		Voted			542.69
Charged Appropriations					
1	12 Capital	Development and Planning	0.0022	0.0027	0.0005
2	18 Capital	Finance	13841.34	14003.93	162.59
3	39 Capital	Municipal Affairs	0.8800	1.48	0.60
4	53 Revenue	Transport	9.5845	9.5912	0.0067
Total		Charged			163.2022
Grand total					705.89

Source: Appropriation Accounts

The excess expenditure for the years 2003-04 to 2008-09 which needs regularisation, stood at Rs 28906.54 crore as of March 2009. In case of most of the grants, obtaining inadequate supplementary provision led to excess expenditure, which indicates lack of control over financial management by the controlling officers.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs 846.86 crore obtained in 24 cases (Rs 50 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**. On the other hand, in 10 cases, supplementary provision of Rs 8689.91 crore proved insufficient by more than Rs 1 crore in each case leaving an aggregate uncovered excess expenditure of Rs 689.06 crore (**Appendix 2.5**).

Under Revenue Voted Section of Grant No. 15 Education (School), against original provision of Rs 6565.74 crore expenditure incurred was Rs 6564.69 crore resulting in savings of Rs 1.05 crore. One supplementary provision for Rs 411.34 crore made in this grant, thus proved unnecessary.

Similarly, under Revenue Voted Section of Grant No. 38 – Minority Affairs and Madrasah Education, in which saving out of original provision stood at Rs 69.91 crore, further supplementary provision of Rs 84.88 crore was unrealistic.

Also under Capital voted Section of Grant No. 9 (Commerce and Industries) in which saving out of original provision was Rs 51.54 crore, further supplementary provision of Rs 186.18 crore proved to be unnecessary.

All these indicated lack of control on the part of the controlling authorities towards budget formulation.

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases were noticed where injudicious re-appropriation proved excessive or insufficient leading to savings of Rs 166.20 crore (in 33 sub-heads under 13 grants) and excess expenditure of Rs 35.79 crore (in 18 sub-heads under 12 grants), as detailed in **Appendix 2.6**.

Under 2515 Other Rural Development Programmes–00-789 Special Component Plan for SC SP 002 Grants to Panchayat Bodies as per recommendation of Second State Finance Commission (GLB) [PN] of Grant No. 40 Panchayat and Rural Development, Rs 1.05 crore was withdrawn by re appropriation from original provision of Rs 108.40 crore, but even then savings to the tune of Rs 63.61 crore occurred reflecting injudicious re appropriation.

2.3.10 Unexplained re-appropriations

According to Paragraph 14 of West Bengal Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statement. However, out of 92 re-appropriation orders issued during 2008-09 for Rs 523.25 crore, reasons were furnished only in respect of Rs 262.78 crore.

2.3.11 Surrender in excess of actual saving

Under Grant number 34 Judicial (Revenue Charged), out of total grant/ appropriation of Rs 56.66 crore, there were savings of Rs 14.02 crore. The Department, however, surrendered Rs 22.14 crore indicating excess surrender of Rs 8.12 crore. Absence of proper prudence and budgetary control led to such excess surrender.

2.3.12 Anticipated savings not surrendered

As per Budget Manual, spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, under 50 grants and 11 Appropriations, no part of the aggregate savings of Rs 2636.80 crore was surrendered by the concerned Departments, as detailed in **Appendix 2.7**. Such un-surrendered savings accounted for 74 per cent of the total savings during 2008-09.

Similarly, out of total savings of Rs 576.35 crore under eight other grants and one appropriation (each with a saving of Rs 1 crore and above), amount aggregating Rs 165.64 crore (29 per cent of savings under those grants) were not surrendered, details of which are given in **Appendix 2.8**.

Besides, in five cases, (surrender of funds in excess of Rs 10 crore), Rs 454.48 crore were (**Appendix 2.9**) surrendered on the last working day of March 2009 indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

2.3.13 Rush of expenditure

According to Rule 389 A of West Bengal Financial Rule, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 18 major-heads, expenditure exceeding Rs 10 crore or more than 50 per cent of the total expenditure for the year was incurred in March 2009. **Table 2.8** presents the major heads where more than 50 per cent expenditure was incurred during the last month of the financial year.

Table 2.8: Cases of rush of expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No	Major Head	Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2205-Art and Culture	40.35	25.49	63	22.37	55
2	2425-Co-operation	121.71	89.92	74	82.65	68
3	2711-Flood Control and Drainage	105.25	62.58	59	54.75	52
4	2801-Power **	8426.53	8339.18	99	8339.18	99
5	2810-Non-Conventional Energy Sources	11.01	10.61	96	10.61	96
6	2852-Industries	392.71	208.45	53	205.64	52
7	3435-Ecology and Environment	9.17	8.25	90	7.76	85
8	3452-Tourism	25.71	22.35	87	16.36	64
9	4070-Capital Outlay on Other Administrative Services	40.77	36.37	89	29.20	72
10	4202-Capital Outlay on Education Sports, Art and Culture	58.82	54.20	92	50.74	86
11	4215 Capital Outlay on Water Supply and Sanitation	825.66	682.47	83	616.14	75
12	4235-Capital Outlay on Social Security and Welfare	58.89	35.95	61	32.95	56
13	4250 Capital Outlay on Other Social Services	15.46	14.34	93	13.16	85
14	4435 Capital Outlay on Other Agricultural Programmes	105.44	103.35	98	103.35	98
15	4711-Capital Outlay on Flood Control Projects	137.86	95.86	70	88.44	64
16	4860-Capital Outlay on Consumer Industries	16.85	12.79	76	12.79	76
17	5075-Capital Outlay on Other Transport Services	81.26	80.26	99	80.26	99
18	5475 Capital Outlay on Other General Economic Services	11.57	11.27	97	10.27	89

Source: Expenditure booked by AG (A&E)

** Ninety nine per cent of the expenditure was booked only in March 2009 as the same relates to waiver of dues of Rs 8377.75 crore receivable from WBSEB, which was approved on 31 March 2009

The position emerging from **Table 2.8** above reveals that although financial rules require that Government expenditure should be evenly distributed throughout the year, rush of expenditure particularly in the closing months of the financial year occurred. Under those major heads, as shown in the **Table 2.8**, 52 to 99 per cent of expenditure was incurred in March 2009. Thus, uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained indicating deficient financial management.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

Administrative Departments issue sanction orders with the concurrence of Finance Department, authorising different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) bills. These AC bills are required to be adjusted by submission of Detailed Contingent (DC) bills with the countersignature of the Controlling Officer within 60 days from the respective dates of drawal from the Treasury or within one month from the date of actual utilisation of amounts drawn.

As per Sub Rules (5) and (6) of Rule 4.138 of West Bengal Treasury Rules, 2005, every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

Records of 59 Drawing and Disbursing Officers (DDOs), who had drawn 2119 AC bills for Rs 179.19 crore during 1988-89 to 2008-09, were test checked. It revealed that the total amount of DC bills received was only for Rs 39.64 crore (225 bills) leading to an outstanding balance of DC bills for Rs 139.55 crore (1898 bills) as on 31 March 2009 as shown in **Table 2.9**.

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in crore)

Year	Amount of AC bills	Amount of DC bills	Percentage of adjustment	Outstanding amount of AC bills
1988-2008	129.74	26.73	21	103.01
2008-2009	49.45	12.91	26	36.54
Total	179.19	39.64	22	139.55

Source: Records of 59 DDOs test-checked in audit

It transpires that out of aggregate outstanding bills for Rs 139.55 crore, Rs 103.21 crore (79 per cent) have been lying unadjusted for more than one year. Department-wise list of unadjusted AC bills is given in **Appendix 2.10**. Long pending bills mainly pertained to 10 DDOs².

Due to long pendency, possibility of misuse of Government funds and misappropriation thereof could not be eliminated.

Further scrutiny of relevant vouchers showed the following:

- Four³ DDOs spent Rs 35.16 lakh towards purchase of metal detector, stationery articles, Sharp Photo Copier, toner, search light, computer peripherals, doors, windows, sofa sets, dinner set, repairing of toilets, water pipeline, Xerox machine etc. by diverting funds from election/other funds drawn through AC bills in contravention of Financial Rules and orders of the Government.
- Ninety seven AC bills amounting to Rs 20.75 crore were drawn by 16 DDOs for various purposes at the fag end of each financial year during 2003-2009 to avoid lapse of budget grant, of which eight⁴ DDOs drew Rs 18.59 crore. Out of Rs 20.75 crore, Rs 20.05 crore remained unadjusted.

² DM, Howrah (Rs. 6.18 crore); DM, North 24 Parganas (Rs 19.42 crore); DM, South 24 Parganas (Rs 8.99 crore); Director General, West Bengal Fire & Emergency Services (Rs 3.41 crore); CMOH, North 24 Parganas (Rs 1.53 crore); Commandant, SAP, 2nd Battalion, Barrackpore (Rs 1.56 crore); DM, Nadia (Rs 3.91 crore); Director of Health Services (Rs 7.69 crore); DM, Purulia (Rs 15.64 crore) and DM, Jalpaiguri (Rs 2.91 crore).

³ SP, Uttar Dinajpur : Rs 0.48 lakh, DG&IG of Police, West Bengal : Rs 28.52 lakh, SP, Dakshin Dinajpur : Rs 4.66 lakh and DM, Malda: Rs 1.50 lakh

⁴ Commandant, SAP 2nd Battalion, Barrackpore: Rs 7.79 crore, DM, Nadia: Rs 2.76 crore, Administrative Officer, Kolkata Police : Rs 2.62 crore, DM, Jalpaiguri : Rs 2.31 crore, SDO, Basirhat : Rs 1.12 crore, DM, Howrah : Rs 0.92 crore, Director General, West Bengal Fire & Emergency Services : Rs 0.56 crore and Director of Disaster Management : Rs 0.51 crore

- A sum of Rs 1.50 crore was drawn in one AC bill during 2008-09 by the Joint Director, ARD, Institute of Animal Health & Veterinary Biologicals (R&T), Belgachia, Kolkata. The same was sanctioned for the purpose of implementation of schemes under Rashtriya Krishi Vikash Yojana. The entire amount was drawn without any specific order and kept deposited in the Savings Bank Account as of May 2009 in the name of "Regional Disease Diagnostic Laboratory, Kolkata" at SBI, Paikpara Branch, which was irregular.

Prolonged retention of public funds by DDOs without adjustment by submission of DC bills is fraught with the risk of serious financial irregularities/misappropriation.

2.4.2 Un-reconciled Expenditure

To enable controlling officers of Departments to exercise effective control over expenditure to keep it within budget grants and to ensure accuracy of their accounts, Financial Rules (Rule 385 of West Bengal Financial Rules) stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of Departmental figures was pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continues to persist. In 2008-09, out of total expenditure of Rs 55318.61 crore, 34 per cent DDOs did not reconcile expenditure amounting to Rs 39695.70 crore as of March 2009. The State Government has not yet furnished a list of Controlling Officer and DDO linkage.

2.5 Personal Deposit Accounts

Personal Deposit (PD) Account or Personal Ledger Account (PLA) is created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads.

There were 106 PL Accounts in operation in 68 District treasuries and Pay and Accounts offices. Only one of these accounts was closed as of March 2009. Total amounts remaining parked in PL Accounts of the State increased from Rs 743.95 crore as of March 2005 to Rs 1697.48 crore as of March 2009. Of these 105 unclosed accounts, 45 accounts were not operated during 2008-09. During the year 2008-09, all 85 Treasuries have been inspected by the Accountant General (A&E). Information on amounts of balances parked in those inoperative PL Accounts and the periods for which these accounts remained inoperative was not available.

Test check of 20 PLAs, opened during the period from 1962-63 to 1994-95, of 18 DDOs showed the following irregularities:

- None of the DDOs closed the PLAs at the end of the financial years as required under rules. This resulted in accumulation of Rs 194.72 crore at the end of 31 March 2009. Four PLAs⁵ with a balance of Rs 1.03 crore remained inoperative for seven to 22 years. PLA of Dum Dum Central Correctional Home was not in operation for almost 22 years while the others were inoperative for periods from seven to 10 years.
- Six DDOs retained unspent balances of Rs 86.05 crore for various periods from 1990 91 to 2008-09, pertaining to different schemes.

⁵ MSVP, National Medical College and Hospital, Superintendent, Dum Dum Central Correctional Home, DG of Police, West Bengal and Joint Director, Animal Resources Development (Poultry)

Table 2.10: Retention of unspent balances in PL Accounts

Sl. No.	Name of the DDO	Amounts held in PL Accounts as of March 2009 (Rupees in crore)	Schemes/purposes to which the funds pertained
1	DM, Coochbehar	19.12	Health Project, Mid day Meal etc
2	DM Murshidabad	29.47	District Plan Schemes,
3	DM Birbhum	7.06	Mid day Meal, Bidhayak Elaka Unnayan Prakash etc.
4	DM 24 Parganas (South)	29.74	Bidhayak Elaka Unnayan Prakash, Chash O Basobaser Prakash etc.
5	DG of West Bengal Police	0.18	Border Area Development Project, Modernisation for West Bengal and Kolkata Police etc.
6	MSVP, National Medical College and Hospital	0.48	Hospital receipts

Source: Records of DDOs test-checked

- There were discrepancies pertaining to 11 DDOs between PLA Cash Books and corresponding Treasury Pass Books in respect of PLAs due to non reconciliation as required under Rule 6.08 (5) of WBTR 2005.
- In two offices, namely office of the District Magistrate, Murshidabad and Superintendent, National Medical College and Hospital the discrepancies (of Rs 0.08 crore and Rs 0.37 crore respectively) between balances in Cash Book and Treasury Pass Book in respect of the PL Accounts could not be explained. The DDOs did not take any effective effort in this regard.
- The Director of Public Instruction (DPI) parked an amount of Rs 0.89 crore given in his custody by the different Trustee Boards although the same was not supposed to be deposited in PL Account. The DPI at his discretion invested the fund and disbursed its interest to the Trustees without observing the rules of PL Account.

Thus, funds meant for various developmental works were parked in PLAs not only hampering the progress of works but also distorting the figure of expenditure incurred during the financial year.

2.6 Errors in Budgeting Process

The system of preparation of budget as followed by two Departments namely, Land and Land Reforms and Animal Resources Development Departments, were test-checked and the following lapses were noticed:

(i) Defective system of preparation of budget

Under the provision of West Bengal Financial Rules and Budget Manual, the departmental budget estimates are required to be prepared by respective departments of Government after obtaining budget proposals from the subordinate offices.

The departmental Controlling Officer or a Disbursing Officer under whose disposal a grant is placed is required to keep constant watch over the progress of expenditure under different units of appropriation, separately for voted and charged items. He has to maintain separate records of liabilities and effectively monitor the progress of expenditure incurred by the Drawing and Disbursing Officers (DDOs) subordinate to him by obtaining monthly Statement of Expenditure (SOE) from the latter. Further, departmental Controlling Officers are also required to maintain Departmental Consolidated Account (DCA) and to arrange their verification monthly with those maintained by the Accountant General (Accounts and Entitlement), West Bengal.

Neither of the test checked Departments viz. Land and Land Reforms and Animal Resources Development either maintained any DCA or pursued the issue of obtaining SOEs with respective DDOs.

System of monitoring progress of expenditure was not in vogue. Thus, in preparation of budget estimate, actual expenditure was not taken into consideration. The two Departments prepared their budget estimates on the basis of gross approximation by adding a percentage on the expenditure figures of previous financial years.

The two Departments did not maintain records of sanctioned strength vis-à-vis actual men in position under their Directorates. As a result, budget provision on pay and allowances of staff was also not realistically arrived at.

The Land and Land Reforms Department incurred expenditure of Rs 99.34 lakh without budget provision during 2003-04 to 2007-08 while the Animal Resources Development Department incurred expenditure of Rs 8.16 crore without budget provision during the same period, flouting financial rules.

(ii) Injudicious re appropriation/Unnecessary supplementary grant/ Injudicious surrender

The Animal Resources Development Department had an original budget provision of Rs 97.30 crore, which was supplemented by re appropriation of Rs 1.72 crore. Against the net grant of Rs 99.02 crore, actual expenditure was Rs 85.99 crore resulting in savings of Rs 13.03 crore. Thus, it was evident that the re appropriation made proved injudicious as expenditure incurred was far below the original grant.

The original grant obtained by Land and Land Reforms Department during the year 2004-05 to 2007-08 was Rs 327.57 crore against which there was a savings of Rs 24.13 crore. However, the Department obtained supplementary grant of Rs 13.29 crore which was not required. The Animal Resources Development Department also obtained supplementary grant of Rs 12.93 crore during 2004-05 and 2007-08, although Rs 23.94 crore occurred as savings against the original grant of Rs 65.79 crore. The supplementary grants thus proved unnecessary.

Without realistic assessment of budget requirement, the Land and Land Reforms Department surrendered a sum of Rs 102.39 lakh under eight sub heads of accounts in 2004-05. However, the expenditure of the department for the same period was Rs 318.01 lakh resulting in excess expenditure of Rs 225.54 lakh, which proved such surrender of fund to be injudicious. Likewise the Animal Resources Development Department also surrendered a sum of Rs 1.24 crore (out of original grant of Rs 39.98 crore and net re-appropriation of (-) Rs 0.30 crore), whereas expenditure incurred was Rs 42.80 crore resulting in excess expenditure of Rs 4.36 crore under 25 sub heads during 2003-04 to 2005-06.

(iii) New Service/New Instrument of Service

In three cases involving three grants (Grant: 38 under Minority Affairs and Madrasah Education Department; Grant: 24 under the Health and Family Welfare Department and Grant: 59 under Self-Help Group and Self Employment), expenditure aggregating Rs 110.68 crore, which should have been treated as 'New Service/New Instrument of Service', was incurred without the approval of the Legislature.

2.7 Outcome of Review of Selected Grants

A review of two grants (Grants No. 6: Animal Resources Development and 36: Land and Land Reforms) for the period 2003-04 to 2007-08 revealed the following:

A review of budgetary and expenditure control in Grants No. 6 and 36 showed persistent savings (-)/excesses (+) as shown in the following table. Percentages of variation with respect to net budget allotment are also indicated in brackets.

Table 2.11: Cases of persistent savings/excesses

(Rupees in lakh)

Major Head	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grant number: 6 – Animal Resources Development						
2404-Dairy Development	(-) 1298.41 (10)	(-) 5095.24 (37)	(-) 1257.22 (15)	(-) 3577.28 (31)	(-) 2142.49 (21)	(-) 3051.01 (27)
2415-Agricultural Research and Education	(-) 79.77 (13)	(-) 123.87 (19)	(-) 185.81 (28)	(-) 257.58 (36)	(-) 61.74 (11)	(-) 88.86 (15)
3451-Secretariat-Economic Services	-	-	(-) 12.79 (12)	(-) 16.11 (14)	-	-
4403-Capital Outlay on Animal Husbandry	-	(-) 239.53 (90)	(-) 210.45 (79)	(-) 92.93 (67)	(-) 860.22 (89)	(-) 755.10 (80)
Grant number: 36 Land and Land Reforms						
2052-Secretariat-General Services	(-) 155.78 (24)	(-) 92.39 (16)	-		(-) 79.49 (12)	-
3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	(+) 1126.70 (5639)	(-) 7.75 (11)	(+) 85.83 (120)	(+) 5.23 (12)	(-) 20.33 (43)	(-) 33.82 (65)
5475-Capital Outlay on Other General Economic Services	(-) 44.44 (95)	(-) 43.31 (98)	(-) 208.18 (20)	(-) 751.55 (30)	(-) 220.84 (19)	(-) 972.56 (46)

Source: Appropriation Accounts

Cases where variations were within 10 per cent of budget provision are not indicated

Further, also under the following heads of accounts, variations were noticed in actual expenditure figures with respect to net budget allotments:

Table 2.12: Instances of variations with respect to net budget allotments

(Rupees in lakh)

Major Head	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grant number: 6 – Animal Resources Development						
4404-Capital Outlay on Dairy Development	(-) 160.83 (72)	(-) 169.04 (79)	(+) 338.09 (144)	(-) 42.95 (67)	(-) 159.14 (35)	(-) 204.53 (81)
Grant number: 36 Land and Land Reforms						
2049-Interest Payments	(+) 13.28 (20)	(+) 195.62 (239)	(-) 83.26 (96)	(-) 132.23 (100)	(-) 200.00 (100)	(-) 174.32 (87)
2216-Housing	(+) 1.42 (11)	(+) 43.01 (280)	(-) 38.41 (85)	(+) 39.31 (61)	(-) 4.98 (60)	(+) 4.10 (40)
2401-Crop Husbandry	-	(-) 11.54 (35)	(+) 38.08 (115)	(-) 25.80 (52)	(+) 49.11 (164)	(-) 8.36 (27)
3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	(+) 1126.70 (5639)	(-) 7.75 (11)	(+) 85.83 (120)	(+) 5.23 (12)	(-) 20.33 (43)	(-) 33.82 (65)

Source: Appropriation Accounts

These were indicative of unrealistic assessment of budget estimates and laxity in budgetary control by the departments of Animal Resources Development (for Grant No. 6) and Land and Land Reforms (for Grant No. 36), reasons for which were not furnished by the Departments, though called for (April 2009).

2.8 Recommendations

- *Each controlling officer should explain the reasons for substantial variations (i.e. more than five per cent), if any, in actual expenditure as compared to budget estimates, so that the same may be included meaningfully in the appropriation accounts.*
- *The Finance Department should look into every case of persistent savings/excesses.*
- *The Finance Department should obtain explanations from individual departments on excess expenditure over allotment pertaining to 2003-04 onwards and forward the consolidated replies to the Public Accounts Committee for facilitating regularisation under Article 205 of the Constitution.*
- *Non surrendering of anticipated savings by various Departments needs to be seriously viewed.*
- *The issue of huge accumulation of unadjusted abstract contingent bills should be looked into and a target date should be stipulated by each controlling officer for submission of outstanding detailed contingent bills by his subordinate DDOs.*
- *Reconciliation of figures recorded by controlling officer with those booked by Accountant General should be done carefully.*
- *Immediate steps need be taken for review of status of PL Account and closure of inoperative ones.*