सत्यमेव जयते

Report of the
Comptroller and Auditor General of India

State Finances Audit Report
for the year ended March 2022

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of West Bengal
Report No. 1 of 2023

Report of the

Comptroller and Auditor General of India

State Finances Audit Report

for the year ended March 2022

Government of West Bengal
Report No. 1 of 2023

Table of Contents

Appendices

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 2022. 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 FY ended March 2022, 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, in March 2020, followed by amendments in February 2021 and March 2022.

The State had Revenue, Fiscal and Primary deficits, throughout the five-year period 2017-22. There were instances of misclassification of revenue transactions under the 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 Reports of the CAG, over the last few years.

Outstanding liabilities, with respect to the Gross State Domestic Product, crossed the targets throughout the period of 2017-22.

(Chapter I)

1.2 Finances of the State

The State witnessed an increase of 20.06 *per cent* in Revenue Receipts during the year 2021-22 as compared to the previous year, primarily due to increase in State's share of Union Taxes and Duties.

Revenue Expenditure increased by 18.12 *per cent* owing to an increase in expenditure on Social Services by 29.97 *per cent*. This resulted in an increase of Revenue Deficit of the State by 8.38 *per cent*, as compared to the previous year. Simultaneously, the State Government increased the expenditure on asset creation by 34.14 *per cent* over the previous year, which led to increase in Fiscal Deficit of the State by 13.07 *per cent*.

Despite receipt of Post Devolution Revenue Deficit (PDRD) grants of ₹ 17,607 crore from GoI, as per recommendations of 15th Finance Commission, the State failed to contain the Revenue Deficit (₹32,000 crore).

The State Government Government did not constitute State Finance Commissions (SFCs) regularly as scheduled i.e. at the interval of five years and accepted the recommendations of SFCs belatedly in its Action Take Reports (ATRs). Also, there was significant shortfall in transfer of 4th SFC funds, against the agreed devolution, mentioned in the ATR.

Outstanding Public Debt at the end of the year has increased by 10.85 *per cent*. In the ensuing five and seven years, debt maturity will be 26.57 and 37.77 *per cent* respectively of total outstanding public debt (₹ 4,70,288 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 (₹ 4,425 crore) in 10 grants or large savings (₹ 74,303 crore) with reference to provisions made during the year. In six 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 2021-22, there was re-appropriation amounting to ₹ 2,190 crore in respect of 553 sub-heads constituting 51 grants. However, despite reappropriation, there were savings of ₹ 3,992 crore in respect of 436 sub-heads and excess of ₹ 3,140 crore in respect of 100 sub-heads.

The above instances indicate inadequate financial management on the part of the controlling officers.

(Chapter III)

1.4 Quality of Accounts and Financial Reporting Practices

Indiscriminate operation of the omnibus Minor Head 800-Other Expenditure/ Receipts affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

The 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 ₹ 3,197 crore in 160 PD Accounts as on 31 March 2022. During 2021-22, an amount of ₹ 229 crore was transferred to PD accounts, in March 2022, from the Consolidated Fund of the State. This was 17.67 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 85 crore was transferred on the last working day of March 2022. This was intended to avoid the lapse of budget provisions.

In respect of 67 Autonomous Bodies (ABs) which are to render annual accounts to CAG, two District Legal Services Authorities (DLSAs) have not submitted accounts since their inception in 1998-99. As of 30 September 2022, 279 annual accounts of ABs, due upto 2021-22, remained pending. Non-submission of accounts by Autonomous Bodies is in violation of the prescribed financial rules and directives and points to inadequate internal controls and deficient monitoring mechanism of the concerned 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 for which the advance was drawn. In no case, should this period exceed 60 days from the date of drawl of the AC bill.

Audit scrutiny revealed that, as of March 2022, a total of 7,999 DC bills, in respect of AC bills aggregating ₹ 1,638 crore, had not been submitted.

(Chapter IV)

1.5 Functioning of State Public Sector Enterprises

As on 31 March 2022, there were 85 State Public Sector Enterprises (SPSEs) in West Bengal, which comprised of 66 working SPSEs (including eight Statutory Corporations) and 19 inactive SPSEs (including one Statutory Corporation). During 2021-22, the working SPSEs registered a turnover of ₹ 60,421 crore which was equal to 3.93 *per cent* of Gross State Domestic Product (GSDP). The return on equity (ROE) of the working SPSEs stood at 0.85 *per cent.*

Government of West Bengal has 99 *per cent* equity holding of ₹ 17,178 crore in 85 SPSEs and had given loans of ₹ 6,206 crore (19.19 *per cent* of total borrowings of ₹ 32,332 crore) as on 31 March 2022. The Major portion of the equity investment of GoWB was in the Power Sector - ₹ 12,981 crore.

Out of 66 working SPSEs, 32 SPSEs earned profit of ₹ 1,197 crore and 34 SPSEs suffered loss of ₹ 1,073 crore. The total accumulated loss of 38 out of 85 SPSEs was ₹ 17,790 crore which exceeded their paid-up capital of`₹ 2,401 crore. During 2021-22, State Government provided financial support of ₹ 2,337 crore to SPSEs towards equity, loans and grants/ subsidies.

Out of 85 SPSEs, only 23 SPSEs prepared Accounts for 2021-22 as of September 2022. The accounts of 56 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 region[1] 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 9.86 crore (7.18 *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 ₹ 1,56,160. A profile of the State with demographics and other details is given in ***Appendix 1.1.***

1.2 Gross State Domestic Product

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.

Conventionally, in the State Finances Audit Report (SFAR), GDP and GSDP figures for the last five years are sourced from the Ministry of Statistics and Programme Implementation (MoSPI), Government of India. GDP and GSDP figures for the current year and the last three years are mentioned as Provisional Estimates (PE), 1st Revised Estimates (RE), 2nd RE and 3rd RE, respectively. In the MoSPI release (1 August 2022), GDP figures have been shown, maintaining this rationality. In the said release, PE figure of West Bengal for the current year (2021-22) is not available. Hence, in this Report, 1st Advanced Estimates (AE) figure for the year 2021-22, mentioned in the budget document 2022-23, have been considered for comparing various fiscal parameters.

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

Trends in annual growth of West Bengal's GSDP *vis-à-vis* the GDP of the country, for the period from 2017-18 to 2021-22, are given in **Table 1.1.**

[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.

Table 1.1: Trends in GSDP compared to GDP

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
GDP (2011-12 Series) (₹ in crore)	1,70,90,042	1,88,99,668	2,00,74,856	1,98,00,914	2,36,64,637
Growth rate of GDP (in *per cent*)	11.03	10.59	6.22	(-) 1.36	19.51
GSDP (2011-12 Series) (₹ in crore)	9,74,700	11,02,283	12,07,823	13,01,017	15,36,681
Growth rate of GSDP (in *per cent*)	11.71	13.09	9.57	7.72	18.11

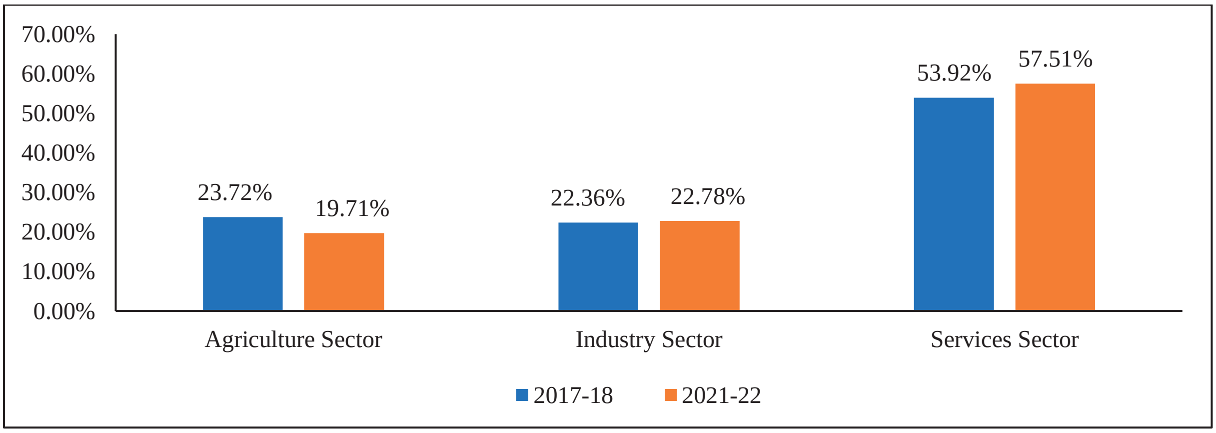
Source: Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 01 August 2022 (in respect of GDP for 2017-18 to 2021-22 and GSDP for 2017-18 to 2020-21); GSDP for the year 2021-22 collected from the 1st Advanced Estimates, Bureau of Applied Economics and Statistics, Government of West Bengal, placed with the Budget 2022-23

The GSDP of West Bengal had grown at a faster rate than the National GDP during 2017-21. In the current year, however, the growth of GDP of India exceeded the growth of State's GSDP, by 1.40 *per cent.*

GSDP measures the total value of products and services that the state manufactures or delivers while the Gross State Value Added (GSVA) measures the value added to the product to enhance its worth. GSVA is calculated as GSDP *minus* (Taxes on Products *minus* Subsidies on Products).

The sectoral contribution to GSVA during 2021-22 *vis-à-vis* 2017-18 in respect of primary, secondary and tertiary sectors is shown in **Chart 1.1.**

Chart 1.1: Change in sectoral contribution to GSVA (2017-18 and 2021-22)



Source: GSVA for the year 2017-18 collected from Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 1 August 2022 while for the year 2021-22, figure collected from the MTFPS, placed with the Budget for the year 2022-23.
Note: Since one of the components of GSDP i.e., 'Taxes on Products minus Subsidies on Products' is not available in the Budget documents of West Bengal (2022-23), hence the sectoral breakup of components have been done based on the GSVA.

The relative share of the Services Sector, which contributed more than half of the GSVA, had increased by 3.59 *per cent* during 2021-22 over 2017-18 implying that the Services sector is the primary driver of the State's economy. Relative share of Agriculture sector contracted by 4.01 *per cent* while the share of the Industry sector increased by 0.42 *per cent* during 2021-22 over 2017-18.

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).

The 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.

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 2017-18 to 2021-22, 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 the structure of Government Accounts 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 of 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).

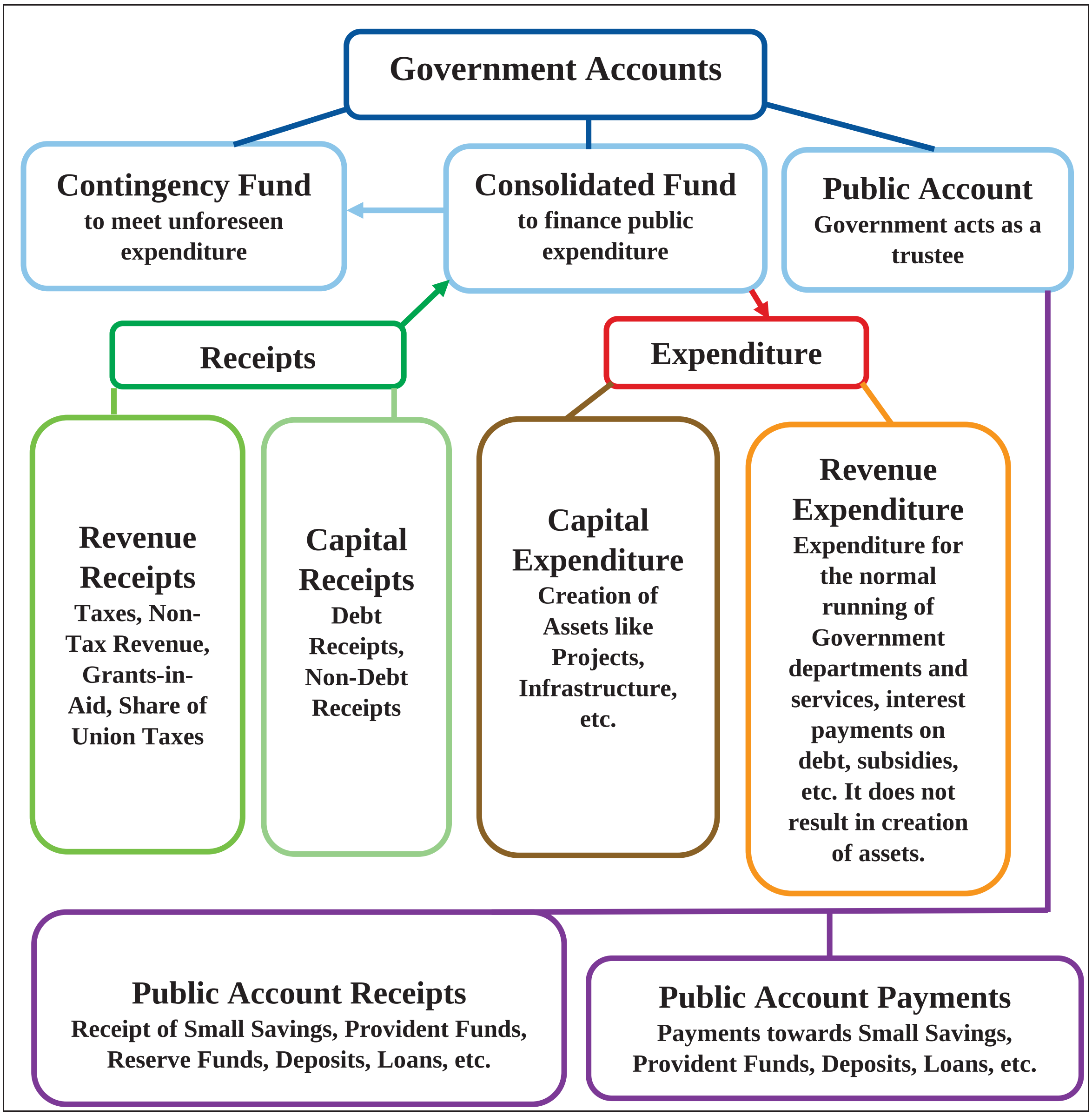
The **Capital Receipts** consist of:

- **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 1.2.**

Chart 1.2: 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 causes 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 2021-22 and actuals of 2020-21.

Table 1.2: Actual *vis-à-vis* Budget Estimates

Sl. No.	Components	2020-21 (Actuals)	2021-22 (Budget Estimate)	2021-22 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		(₹ in crore)				
1	Tax Revenue	**1,05,024**	**1,25,486**	**1,36,623**	**108.88**	8.89
i)	Own Tax Revenue	60,287	75,416	71,082	94.25	4.63
ii)	Share of Union taxes/duties	44,737	50,070	65,541	130.90	4.27
2	Non-Tax Revenue	5,198	4,612	1,690	36.64	0.11
3	Grants-in-aid and Contributions	38,172	56,583	39,846	70.42	2.59
4	**Revenue Receipts (1+2+3) (a)**	**1,48,394**	**1,86,681**	**1,78,159**	**95.43**	**11.59**
5	Recovery of Loans and Advances	150	139	58	41.73	0.00
6	Miscellaneous Capital Receipts	0	0	0	-	-
7	**Non-Debt Receipts (4+5+6)**	**1,48,544**	**1,86,820**	**1,78,217**	**95.40**	**11.60**
8	Borrowings and other Liabilities (b)	44,688	60,860	50,528	83.02	3.29
9	**Revenue Expenditure**	**1,77,921**	**2,13,436**	**2,10,159***	**98.46**	**13.68**
10	Interest Payments	33,782	32,658	36,672	112.29	2.39
11	Capital Expenditure	13,034	32,774	17,484*	53.35	1.14
12	Loan and advances	2,277	1,474	1,102	74.76	0.07
13	**Total Expenditure (9+11+12)**	**1,93,232**	**2,47,684**	**2,28,745**	**92.35**	**14.89**
14	**Revenue Deficit (9-4)**	**29,527**	**26,755**	**32,000**	**119.60**	**2.08**
15	**Fiscal Deficit (13-7)**	**44,688**	**60,864**	**50,528**	**83.02**	**3.29**
16	**Primary Deficit (15-10)**	**10,906**	**28,206**	**13,856**	**49.12**	**0.90**

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

** Revenue Expenditure (RE) of ₹ 2,008 crore in 2021-22 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2021-22 would thus be ₹ 2,12,167 crore instead of ₹ 2,10,159 crore. Similarly, actual CE during 2021-22 would be ₹ 15,476 crore instead of ₹ 17,484 crore.*

Actual revenue receipts were higher than the previous year's receipts by ₹ 29,765 crore (20.06 *per cent*). This was primarily due to increased share of Union Taxes and Duties than the PY[2] by ₹ 20,804 crore mainly in the case of Taxes on Income other than Corporation Tax (by ₹ 5,942 crore), CGST[3] (by ₹ 5,743 crore), Corporation Taxes (by ₹ 4,657 crore) and higher collection in State's Own-tax revenue by ₹ 10,795 crore than the PY in the case of SGST[4] (by ₹ 5,258 crore), State Excise (by ₹ 2,876 crore) and Stamps & Registration fees (by ₹ 1,838 crore). Increased receipts of Grants in Aid from the Government of India (by ₹ 1,674 crore) also contributed to this hike.

Actual revenue expenditure was more than previous year's revenue expenditure by ₹ 32,238 crore (18.11 *per cent*). Capital Expenditure fell short of the BEs by 46.65 *per cent* but exceeded the expenditure of 2020-21 by 34.14 *per cent.* This was mainly on account of significant enhancement of capital expenditure on Water Supply & Sanitation, Roads & Bridges and Power Projects.

Revenue Deficit was more than the BEs by 19.60 *per cent* as Grants-in-Aid from GoI and State's Own Revenue[5] fell short of the BEs by 29.58 and 9.07 *per cent* respectively. Shortfall in actual revenue receipts rather than decrease in actual revenue expenditure with respect to BEs, resulted in larger than anticipated revenue deficit.

Fiscal Deficit was within the BEs but exceeded the fiscal deficit of 2020-21 by 13.07 *per cent* as Capital Expenditure and Revenue Deficit increased by 34.14 *per cent* and 8.38 *per cent* respectively over 2020-21. This, combined with higher shortfall in recoveries of loans and advances compared with the disbursement, resulted in higher than anticipated fiscal deficit over the PY.

To meet this increased Fiscal Deficit, the State had to borrow ₹ 5,840 crore (13.07 *per cent*) more than the borrowings of PY.

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 ₹ 4,531 crore as revenue receipts, due to inadequate balance in the GST compensation fund during the year 2021-22, West Bengal also received back-to-back loan of ₹6,425 crore under debt receipts of the State Government, with no repayment liability for the State. Due to this arrangement, the revenue deficit of ₹ 32,000 crore and fiscal deficit of ₹ 50,528 crore during the year 2021-22 may be read in conjunction with debt receipt of ₹ 6,425 crore in lieu of GST compensation.

Table 1.3 indicates the trend of receipts and expenditure on Revenue and Capital account during 2017-22.

---

[2] Previous Year
[3] Central Goods and Services Tax
[4] State Goods and Services Tax
[5] Combination of State's tax revenue and non-tax revenue

Table 1.3: Trend of Receipts and Expenditure during 2017-22

Year	Revenue				Capital			
	Receipts	Expenditure	Growth Rate of RR	Growth Rate of RE	Receipts	Expenditure	Growth Rate of CR	Growth Rate of CE
	(₹ in crore)		(in *per cent*)		(₹ in crore)		(in *per cent*)	
2017-18	1,31,270	1,41,077	-	-	45,957	19,368	-	-
2018-19	1,45,975	1,56,374	11.20	10.84	71,693	23,717	56.00	22.45
2019-20	1,42,914	1,62,575	(-)2.10	3.97	75,766	15,971	5.68	(-)32.66
2020-21	1,48,394	1,77,921	3.83	9.44	75,579	13,034	(-)0.25	(-)18.39
2021-22	1,78,159	2,10,159	20.06	18.12	77,639	17,484	2.73	34.14

Source: Finance Accounts

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 expenditure and loans and advances given by the State Government and cash balances. **Table 1.4** provides the details of assets and liabilities during 2020-21 and 2021-22.

Table 1.4: Summarised position of Assets and Liabilities

Liabilities					Assets				
Components		2020-21	2021-22	*Per cent* increase	Components		2020-21	2021-22	*Per cent* increase
		(₹ in crore)					(₹ in crore)		
Consolidated Fund									
A	Internal Debt	4,04,017	4,42,865	9.62	A	Gross Capital Expenditure	1,51,140	1,68,624	11.57
B	Loans and Advances from GoI	20,230	27,423	35.56	B	Loans and Advances	16,106	17,150	6.48
Contingency Fund		13	(-)39	(-)400.00					
Total		**4,24,260**	**4,70,249**	**10.84**	**Total**		**1,67,246**	**1,85,774**	**11.08**
Public Account									
A	Small Savings, Provident Funds, etc.	19,518	21,436	9.83	A	Advances	29	29	0.00
B	Deposits	40,102	42,239	5.33	B	Remittance	499	486	(-)2.61
C	Reserve Funds	13,589	14,748	8.53	C	Suspense and Miscellaneous	(-)5,566	(-)5,234	(-)5.96
D	Remittances	-	-	-	**Cash balance**[6]		32,246	32,602	1.10
Total		**73,209**	**78,423**	**7.12**	**Total**		**27,208**	**27,883**	**2.48**
					Deficit in Revenue Account		3,03,015	3,35,015	10.56
Total		**4,97,469**	**5,48,672**	**10.29**	**Total**		**4,97,469**	**5,48,672**	**10.29**

Source: Finance Accounts

Liabilities of the Government increased by 10.29 *per cent* (₹ 51,203 crore) as compared to the increase of 11.54 *per cent* in the PY. Internal debt constituted around 81 *per cent* of the total liabilities of the State Government. Market loans

[6] Includes investment in Earmarked Fund of ₹ 11,026 crore and ₹ 12,233 crore at the end of 2020-21 and 2021-22, respectively

which contributed around 87 *per cent* of the Internal debt during 2021-22, increased by ₹ 45,199 crore (13 *per cent*) in the current year as compared to the increase of ₹ 50,180 crore (17 *per cent*) in the PY. Further, Loans and Advances from GoI which contributed around five *per cent* of the Liabilities, increased by ₹ 7,193 crore (35.56 *per cent*) as compared to the increase of ₹ 4,986 crore (32.71 *per cent*) in the PY. Above two components primarily contributed to the increase in liabilities of the Government.

On the Assets side, the cumulative Capital Expenditure constituted only 30.73 *per cent* of the total assets of the State Government. It was noticed that 11-12 *per cent* of the cumulative Capital Expenditure consisted of investments of the State Government in PSUs, Co-operative Banks & Societies and Statutory Corporations. The balance, being 88-89 *per cent*, constituted cumulative expenditure for creation of infrastructure for transport sector, power, health, public works etc. A significant reduction in the Cash Balance Investment of the State Government could be noted. This item records transactions connected with temporary investment of cash balance. The reduction was to the extent of ₹ 878 crore (4.13 *per cent*) in 2021-22 and represented a diminution in cash balances of the State Government with RBI available for investment. 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 followed by amendments in February 2021 and March 2022 and renamed as the 'WBFRBM (Amendment) Acts, 2020, 2021 and 2022' effective from 2019-20, 2020-21 and 2021-22, respectively. The amendment effected in sub-section (2) of section 4 of the WBFRBM Act, 2010, is as under:

As per the WBFRBM (Amendment) Act, 2011, Revenue Deficit (RD) was to be eliminated from 2014-15. In the MTFPS from 2018-19 to 2021-22, the targets with respect to GSDP were shown as 'Nil' throughout the period 2017-21 whereas in the MTFPS 2022-23, the target for the year 2021-22 was shown as 1.74 *per cent*. The target set for RD, relative to the GSDP, in clause (b) of the Principal Act, stands omitted from the WBFRBM (Amendment) Acts, 2020, 2021 and 2022.

As per the MTFPS 2018-19, Fiscal Deficit (FD) was to be limited to 1.95 *per cent* of GSDP in 2017-18. Those Acts including amended Acts also envisaged that the State Government shall limit FD as percentage of GSDP to three *per* *cent* in 2018-19, 3.34 *per cent* in 2019-20 and thereafter five *per cent* each at the end of the financial years 2020-21 and 2021-22 only.

In the MTFPS 2018-19 and 2019-20, the targets with respect to the total outstanding debt[7] to GSDP were shown as 36.98 *per cent* and 34.33 *per cent* during 2017-18 and 2018-19 respectively. The WBFRBM (Amendment) Act, 2020 envisaged that the State Government would limit the total outstanding debt 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 2018-20 and WBFRBM (Amendment) Acts 2020, 2021 and 2022 for the year 2019-20, 2020-21 and 2021-22 respectively *vis-à-vis* achievements during the last five-year (2017-22) is given in **Table 1.5.**

Table 1.5: Compliance with provisions of State FRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Achievement				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	As stated in the MTFPS 2018-19 to 2021-22 and WBFRBM (Amendment) Acts 2020 to 2022	(-)9,807	(-)10,399	(-)19,661	(-)29,527	(-)32,000
		✗	✗	✗	✗	✗
Fiscal Deficit (-)/ Surplus (+) (₹ in crore) (as *percentage of GSDP*)		(-)28,930 (-2.97)	(-)33,485 (-3.04)	(-)36,831 (-3.05)	(-)44,688 (-3.43)	(-)50,528 (-3.29)
		✗	✗	✓	✓	✓
Ratio of total outstanding debt to GSDP (in *per cent*)		37.03	35.68	35.89	37.05	34.49
		✗	✗	✗	✗	✗

Source: MTFPS 2018-19 to 2021-22, WBFRBM (Amendment) Acts 2020 to 2022 and Finance Accounts (2017-22)

Note: *'✓' denotes target achieved, '✗' denotes target not achieved.*

The ratio of total outstanding debt to GSDP as per the Finance Accounts is 37.39 and 34.91 *per cent* during 2020-21 and 2021-22 respectively. However, the effective debt to GSDP ratios of 37.05 and 34.49 *per cent* have been arrived at after excluding GST compensation of ₹ 4,431 crore and ₹ 6,425 crore during 2020-21 and 2021-22 respectively, 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 1.5** revealed the following:

- The Revenue Deficit of the State was not eliminated despite target of 'Zero' set in MTFPS 2017-21. During 2021-22, in respect of Revenue Deficit to GSDP, State set a target of 1.74 *per cent* in the MTFPS 2021-22, which however stood at 2.08 *per cent*. 15th FC, after assessing the revenue and expenditure of the State, recommended post-devolution revenue deficit (PDRD) grants of ₹ 17,607 crore for the year 2021-22.

[7] Includes all debts and other liabilities

However, despite receipt of PDRD grants, RD increased by ₹ 2,473 crore (8.38 *per cent*) over the PY.

- Though Fiscal Deficit (₹ 50,528 crore) in 2021-22 increased by 13.07 *per cent* in comparison to the preceding year (₹ 44,688 crore). FD as a percentage of GSDP was within the targets set in the WBFRBM (Amendment) Acts 2020, 2021 and 2022 respectively.
- Ratio of RD to FD slightly decreased to 63.33 *per cent* during 2021-22 from 66.07 *per cent* in 2020-21 but it is still very high. This reflects that most of the State's borrowings are used to finance Revenue Deficit. Borrowed funds used for meeting revenue expenditure create liability for future years without creating any assets.
- During the last five years, the outstanding debt relative to GSDP was not as per the limits set in the respective WBFRBM (Amendment) Acts. The outstanding debt (₹ 5,36,478 crore[8]) grew by 10.29 *per cent* (₹ 50,048 crore) over the previous year (₹ 4,86,430 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 1.6 indicates the variation between the projections made for 2021-22 in MTFP presented to the State Legislature along with the Actuals of the year 2021-22.

Table 1.6: Actuals *Vs.* Projections in MTFP for 2021-22

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2021-22)	Variation
		(₹ in crore)		(in *per cent*)
1	Own Tax Revenue	75,416	71,082	(-)5.75
2	Non-Tax Revenue	4,612	1,690	(-)63.36
3	Share of Central Taxes	50,070	65,541	30.90
4	Grants-in-aid from GoI	56,583	39,846	(-)29.58
5	Revenue Receipts (1+2+3+4)	1,86,681	1,78,159	(-)4.57
6	Revenue Expenditure	2,13,436	2,10,159*	(-)1.54
7	Revenue Deficit (-)/ Surplus (+) (5-6)	(-)26,755	(-)32,000	19.60
8	Fiscal Deficit (-)/ Surplus (+)	(-)60,864	(-)50,528	(-)16.98
9	Debt-GSDP ratio (*per cent*)	35.47	34.49#	(-)2.76

Source: Finance Accounts, MTFPS 2021-22
**Actual figure would be ₹2,12,167 crore if ₹2,008 crore, incorrectly booked as Capital Expenditure is considered. Resultantly, variation of actuals w.r.t. MTFP would be (-)0.59 per cent.*
 # Arrived at after exclusion of GST compensation of ₹ 6,425 crore, received as back-to-back loan under debt receipts.

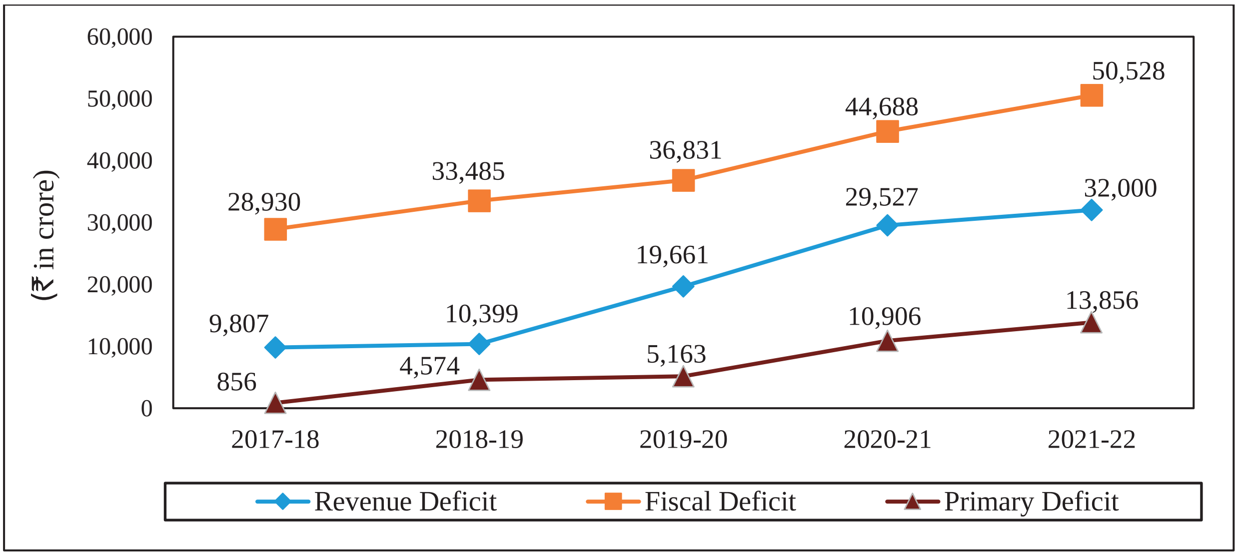
[8] The effective outstanding fiscal liabilities would be ₹ 5,30,053 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 6,425 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

As may be seen from the table above, three out of the four revenue variables were lower than the projections made in MTFPS. Amongst these, collection on State's Non-Tax Revenue was significantly lower. Further, the State could not achieve the targets set for Revenue Deficit which overshot the MTFP projections by 19.20 *per cent*. 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 2017-18 to 2021-22 is depicted in **Chart 1.3** and trend in surplus or deficit relative to GSDP is given in **Table 1.7.**

Chart 1.3: Trends in deficit parameters



Source: Finance Accounts
Note: *Please refer Chart 1.5*

Table 1.7: Trends in Surplus (+)/Deficit (-) relative to GSDP (in *per cent*)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
RD/GSDP	(-)1.01	(-)0.94	(-)1.63	(-)2.27	(-)2.08
FD/GSDP	(-)2.97	(-)3.04	(-)3.05	(-)3.43	(-)3.29
PD/GSDP	(-)0.09	(-)0.41	(-)0.43	(-)0.84	(-)0.90

Source: Finance Accounts

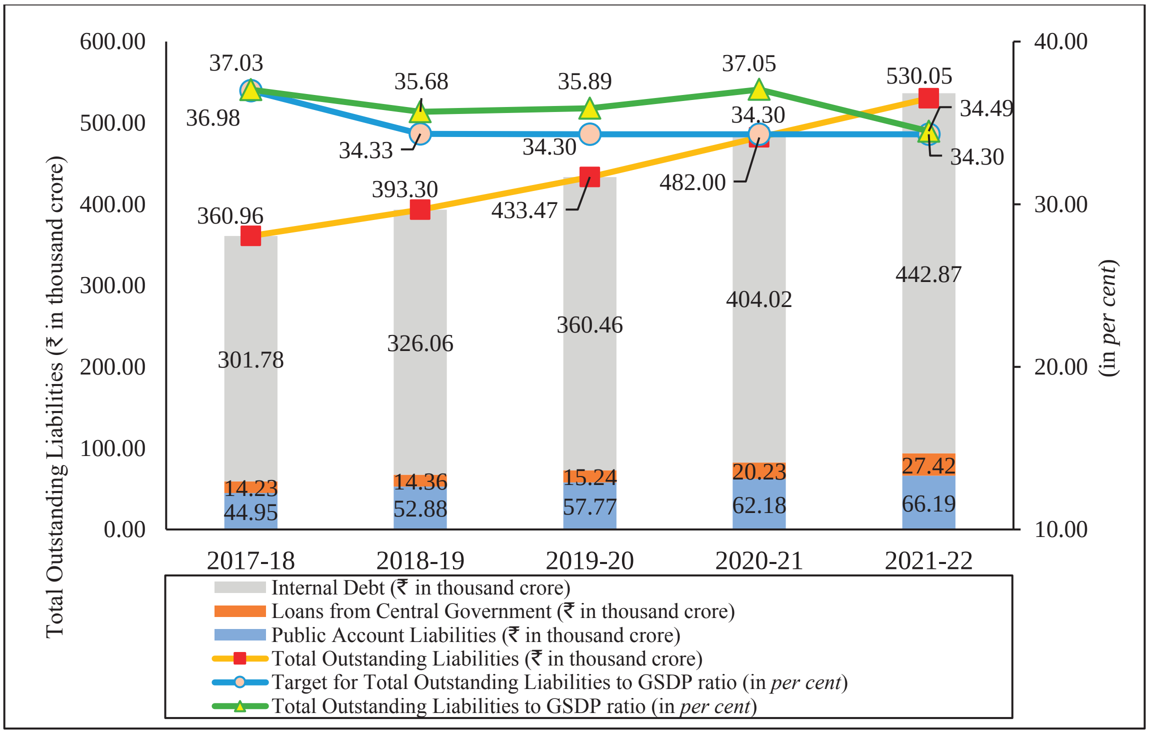
The State had a fiscal deficit of ₹ 50,528 crore during the year 2021-22, representing 3.29 *per cent* of GSDP and constituted 22.09 *per cent* of the Total Expenditure.

Significant deficit on Revenue Account during the current year was mainly due to the fact that the Revenue Receipts fell short of BE by 4.57 *per cent* (₹ 8,522 crore) whereas Revenue Expenditure fell short of BE by only 1.54 *per* cent (₹ 3,277 crore). Though Revenue Receipts grew by 20.06 *per cent*, Revenue Expenditure also increased by 18.12 *per cent* which resulted in increase in Revenue deficit by 8.38 *per cent* to ₹ 32,000 crore during 2021-22. Revenue Receipts and Revenue Expenditure have been discussed in detail in **Chapter II** of this Report.

Primary Deficit (PD) rose 27.05 *per cent* to ₹ 13,856 crore as the growth of expenditure was more than that of receipts over 2020-21 and hence widened the gap of deficit.

Trends in Outstanding Liabilities, its ratio with respect to GSDP and components of Outstanding Liabilities during 2017-22 are shown in **Chart 1.4.**

Chart 1.4: Trends in Outstanding Liabilities and GSDP



Source: Finance Accounts; Targets for Total Outstanding Liabilities to GSDP ratio for 2017-18 to 2018-19 are the Budget Estimates of the said ratio given in the MTFPS of 2018-19 whereas those of 2019-20, 2020-21 and 2021-22 have been taken from the WBFRBM (Amendment) Act 2020.

Note: *The Debt to GSDP ratios during 2020-21 and 2021-22 were 37.39 and 34.91 per cent respectively. However, the effective debt to GSDP ratio have been arrived at after exclusion of GST compensation of ₹ 4,431 crore and ₹ 6,425 crore received during 2020-21 and 2021-22 respectively as back-to-back loan under debt receipts from the outstanding overall debt.*

Chart 1.4 shows the rising trend of liabilities during 2017-22. During this period, it increased at a CAGR of 10.08 *per cent*. Outstanding liabilities with respect to GSDP, after a fall in 2018-19 and 2019-20, moved upwards in the succeeding year. In the year 2021-22, the ratio (34.49 *per cent*) moved downwards but still crossed the target (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 1.8** assesses actual deficit after taking into account short/non-contribution to funds and incorrect classifications/ booking by the State Government during 2021-22.

Table 1.8: Actual Revenue and Fiscal Deficit

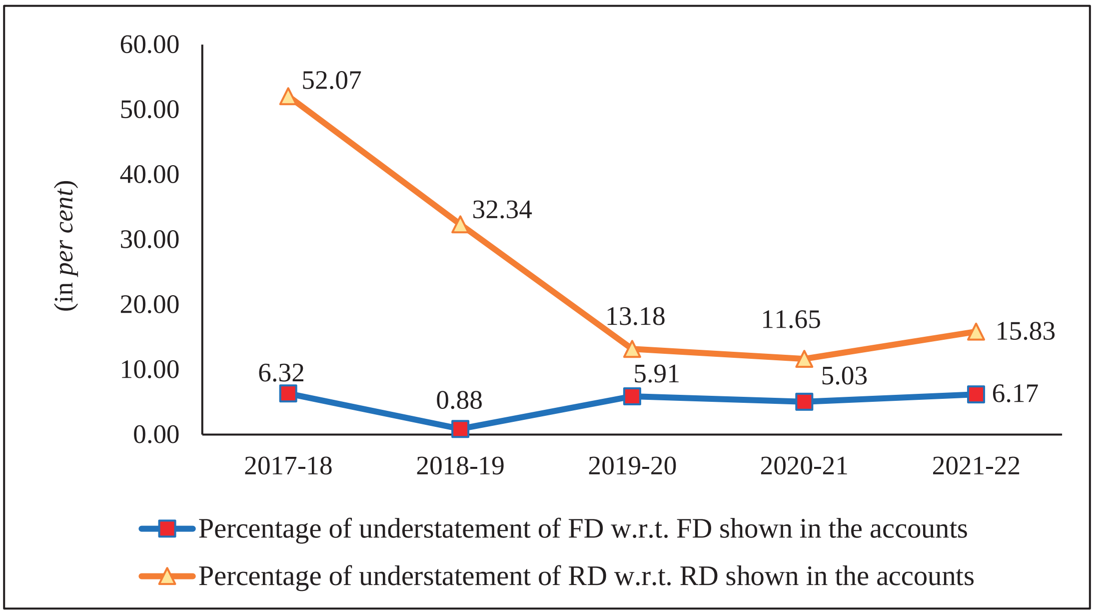
Particulars	Impact on Revenue Deficit (Understated (+)/ Overstated (-)) (₹ in crore)	Impact on Fiscal Deficit (Understated (+)/ Overstated (-)) (₹ in crore)	Paragraph Reference
Non booking of interest receipts on the unspent scheme funds lying in the bank account	(-)380.50	(-)380.50	2.5.2.3
Grants 'in kind' from GoI remained unaccounted owing to non-issuance of sanction orders by the GoWB	(-)192.86	(-)192.86	2.5.3.3
Incorrect classification on refund of Capital Expenditure from Personal Deposit Account	0.22	-	4.6.2
Misclassification between Capital and Revenue Expenditure	2,007.89	-	3.(iii) of Notes to Finance Accounts (NTFA)
Short payment of interest on Interest bearing Reserve Funds and Deposits bearing interest	141.48	141.48	4.2
Unremitted interest to the State exchequer from the Single Nodal Account in respect of Centrally Sponsored Schemes	(-)49.76	(-)49.76	4.7.3
Non-recoupment of Contingency Fund drawal	-	58.47	3 of NTFA
Non-transfer of Cess	2,012.81	2,012.81	5.(vii) of NTFA and Para 4.1
Non-contribution to Consolidated Sinking Fund	1,527.26	1,527.26	5.(ii)(B)(a) of NTFA
Total	**5,066.54**	**3,116.90**	

Source: Finance Accounts and Audit Analysis

As may be seen from the table above, there was understatement of RD and FD by ₹ 5,066.54 crore and ₹ 3,116.90 crore respectively. Thus, the State's actual RD and FD would stand at ₹ 37,066.54 crore and ₹ 53,644.90 crore respectively instead of ₹ 32,000 crore and ₹ 50,528 crore, if the items mentioned in the above table are factored in.

Persistent understatement of RD and FD during 2017-22 have been shown in **Chart 1.5.**

Chart 1.5: Persistent understatement of deficits



Source: Finance Accounts and Audit Analysis

1.8.5 Post audit- Total Debt

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 2009-11 and 2020-22 raised Cash Credit Loans (CCLs) through nine State Public Sector Undertakings and Autonomous Bodies for implementation of Government schemes in the shape of off-budget borrowings. These borrowings were raised from the West Bengal Central Co-operative Bank. Government during 2021-22 repaid ₹ 1,166 crore as principal and ₹ 46 crore as interest to these entities, which were accounted for as Grants-in-Aid/Subsidies. At the end of 2021-22, repayment of ₹ 36 crore and ₹ 7 crore towards principal and interest, respectively were due upto March 2022 from two entities. This position of outstanding off-budget liability emerged from audit scrutiny on a test basis. The State Government did not disclose all its off-budget liabilities in their budget documents/ annual financial statements. Details of off-budget borrowings have been discussed in **Chapter II** of this Report.

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 2017-18 to 2021-22, 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* 2020-21

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 2021-22 compared to 2020-21

Revenue Receipts	✓ Revenue receipts of the State increased by 20.06 *per cent* ✓ Own Tax receipts of the State increased by 17.91 *per cent* ✓ Own Non-tax receipts decreased by 67.49 *per cent* ✓ State's Share of Union Taxes and Duties increased by 46.50 *per cent* ✓ Grants-in-aid from Government of India increased by 4.39 *per cent*
Revenue Expenditure	✓ Revenue expenditure increased by 18.12 *per cent* (*would be 19.25 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Revenue expenditure on General Services increased by 11.05 *per cent* (*would be 11.30 per cent considering misclassification between General and Social services*) ✓ Revenue expenditure on Social Services increased by 29.97 *per cent* (*would be 21.52 per cent considering misclassification between Social & Economic services and Social & General services*) ✓ Revenue expenditure on Economic Services increased by 3.20 *per cent* (*would be 33.58 per cent considering misclassification between Economic and Social services*) ✓ Expenditure on Grants-in-aid decreased by 21.16 *per cent*

Capital Expenditure	✓ Capital expenditure increased by 34.14 *per cent* (*would be 18.74 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Capital expenditure on General Services decreased by 0.14 *per cent* (*would be 0.29 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Capital expenditure on Social Services increased by 88.29 *per cent* (*would be 59.88 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Capital expenditure on Economic Services increased by 11.29 *per cent* (*would be 0.92 per cent considering misclassification between Revenue and Capital expenditure*)
Loans and Advances	✓ Disbursement of Loans and Advances decreased by 51.59 *per cent* ✓ Recoveries of Loans and Advances decreased by 61.34 *per cent*
Public Debt	✓ Public Debt Receipts increased by 2.85 *per cent* ✓ Repayment of Public Debt increased by 17.30 *per cent*
Public Account	✓ Public Account Receipts increased by 15.27 *per cent* ✓ Disbursement from Public Account increased by 14.53 *per cent*
Cash Balance	✓ Cash balance increased by ₹ 356 crore (1.10 *per cent*)

Source: Finance Accounts

Note 1*: During 2021-22, Revenue Expenditure of ₹2,008 crore was incorrectly booked as Capital Expenditure.*

Note 2: *During 2021-22, Revenue Expenditure of ₹12,941 crore in the Public Distribution System, misclassified in Social Services (SS) instead of Economic Services (ES). Similarly, in the Pradhan Mantri Aawas Yojana, ₹ 5,015 crore misclassified in ES instead of SS; Election expenditure of ₹ 175 crore misclassified in SS instead of GS; and expenditure on Health of ₹ 323 crore misclassified in ES instead of SS.*

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 2021-22 with 2020-21, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2021-22 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2020-21 and 2021-22

Parameters	Particulars	2020-21	2021-22	Increase/ Decrease
		(₹ in crore)		
Sources	Opening Cash Balance with RBI	25,665	32,246	6,581
	Revenue Receipts	1,48,394	1,78,159	29,765
	Recoveries of Loans and Advances	150	58	(-)92
	Misc. Capital Receipts	0	0	0
	Public Debt Receipts (Net)	48,539	46,041	(-)2,498
	Contingency Fund	12	0	(-)12
	Public Account Receipts (Net)	2,725	4,895	2,170
	Total	**2,25,485**	**2,61,399**	**35,914**
Application	Revenue Expenditure	1,77,921	2,10,159*	32,238
	Capital Expenditure	13,034	17,484*	4,450
	Contingency Fund Disbursement	7	52	45
	Disbursement of Loans and Advances	2,277	1,102	(-)1,175
	Closing Cash Balance with RBI	32,246	32,602	356
	Total	**2,25,485**	**2,61,399**	**35,914**

Source: Finance Accounts

** Revenue Expenditure (RE) of ₹ 2,008 crore during 2021-22 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2021-22 would thus be ₹2,12,167 crore instead of ₹2,10,159 crore. Similarly, actual CE during 2021-22 would be ₹15,476 crore instead of ₹17,484 crore.*

A. Sources of Funds:

Revenue Receipts in the shape of State's own revenue (₹ 72,772 crore) and Central tax transfer and grants (₹ 1,05,387 crore), emerged as a major contributor to the State's resources during 2021-22. Contribution of Revenue Receipts in the total resources of the State increased to 68.16 *per cent* in the current year from 65.81 *per cent* in the PY. Share of Net Public Debt Receipts[9] which is mainly backed by market borrowings and loans & advances from GoI, decreased to 17.61 *per cent* from 21.53 *per cent* in the PY. The contribution through non-debt capital receipts, in the form of recovery of loans and advances, significantly decreased to 0.02 *per cent* from 0.07 *per cent* in the PY. The relative share of the other two major components, namely, opening cash balance with RBI and Net Public Account Receipts[10] changed to 12.34 and 1.87 *per cent* respectively from 11.38 and 1.21 *per cent* in the PY.

B. Application of Funds:

Out of the total resources mobilised during the year, 46.95 *per cent* was spent on committed expenditure (₹ 1,22,727 crore), comprising, salaries and wages (48.38 *per cent*), interest payments (29.88 *per cent*) and expenditure on pensions (21.74

[9] Difference between the borrowings received and repayment on borrowings
[10] Difference between the receipt from Public Accounts and disbursement from Public Accounts

per cent). From the balance, after accounting for capital expenditure (6.69 *per cent*), disbursement of loans and advances (0.42 *per cent*), contingency fund disbursement (0.02 *per cent*) and closing cash balance with RBI (12.47 *per cent*), Government was left with 33.45 *per cent* (₹ 87,432 crore) of its gross mobilisation for spending revenue expenditure on various purposes.

Chart 2.1: Composition of Resources

(in *per cent*)

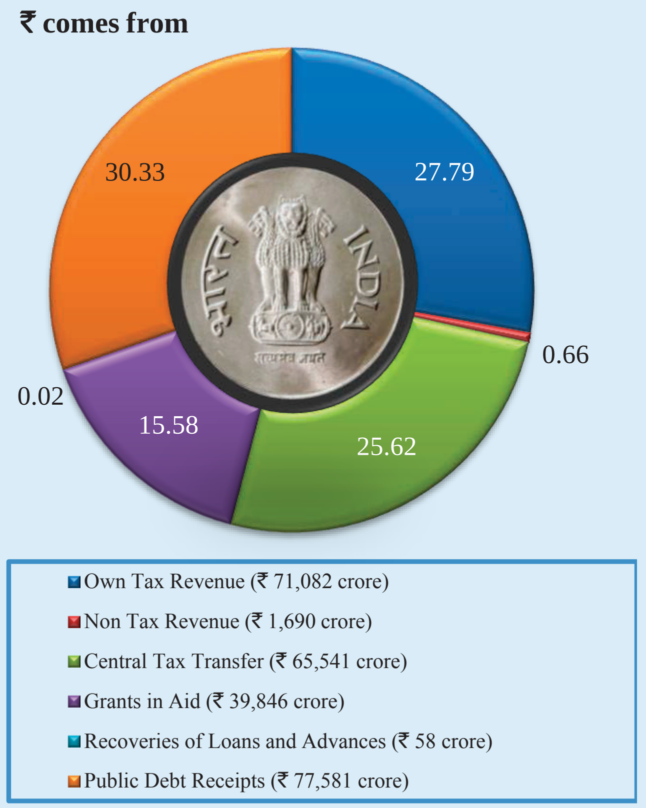
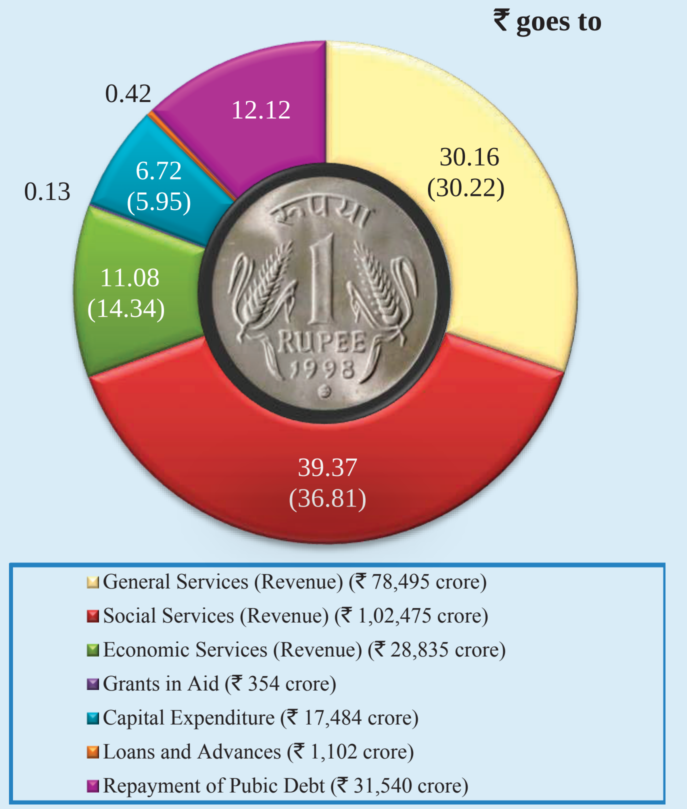


Chart 2.2: Application of Resources

(in *per cent*)



Source: Finance Accounts

***Note 1:** Revenue Expenditure (RE) of ₹2,008 crore was incorrectly booked as Capital Expenditure (CE). Actual RE during 2021-22 would thus be ₹2,12,167 crore instead of ₹2,10,159 crore. Similarly, actual CE during 2021-22 would be ₹15,476 crore instead of ₹17,484 crore.*

***Note 2:** During 2021-22, Revenue Expenditure of ₹ 12,941 crore in the Public Distribution System, misclassified in Social Services (SS) instead of Economic Services (ES). Similarly, in the Pradhan Mantri Aawas Yojana, ₹5,015 crore misclassified in ES instead of SS; Election expenditure of ₹ 175 crore misclassified in SS instead of GS; and expenditure on Health of ₹323 crore misclassified in ES instead of SS. Revised percentage shares in the application of resources have been shown in brackets (**Chart 2.2**).*

Analysis revealed that:

- Revenue Expenditure was primarily met out of the Revenue Receipts with Public Debt also being a contributor;
- In General Services (Revenue) expenditure, Interest Payments comprised 46.72 *per cent;*

- Beside Repayment of Public Debt (12.12 *per cent*), Interest Payments constituted 14.09 *per cent*, thereby taking overall Repayments to 26.21 *per cent* of the total expenditure in Consolidated Fund;
- The deficit in Consolidated fund was mainly financed through Public Debt Receipts (₹ 77,581 crore) while the remaining deficit was financed from the available balances held in Public Accounts.

Analysis in the light of misclassification pointed out by audit, revealed that in the application of resources:

- Share of Social Services (Revenue) would be changed to 36.76 *per cent* replacing 39.37 *per cent*.
- Share of Economic Services (Revenue) would increase to 14.46 *per cent* replacing 11.08 *per cent*.
- Share of Capital Expenditure would decrease to 5.95 *per cent* replacing 6.72 *per cent.*

2.4 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of State's own revenue comprising own tax revenue and 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.

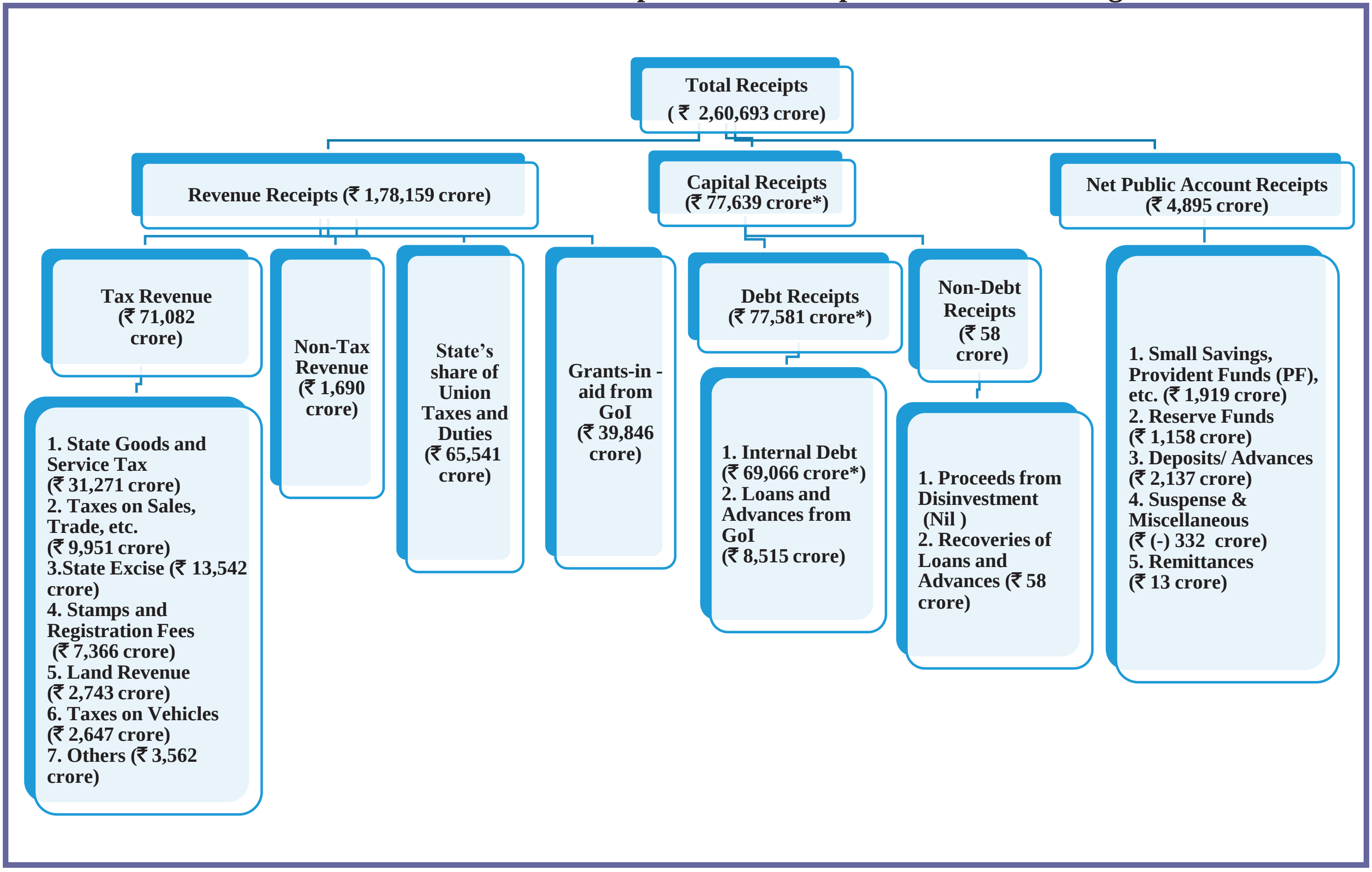
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such as, small savings & provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

   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 2021-22 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2021-22



Source: Finance Accounts
**including Ways and Means Advances (WMA) of ₹193 crore in 2021-22*

In total receipts during 2021-22, contribution from Revenue Receipts, Capital Receipts and Net Public Account Receipts were 68.34, 29.78 and 1.88 *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 (2017-22).

Table 2.3: Trend in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	1,31,270	1,45,975	1,42,914	1,48,394	1,78,159
Rate of growth of RR (in *per cent*)	11.40	11.20	(-)2.10	3.83	20.06

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Own Tax Revenue (₹ in crore)	52,721	60,732	60,669	60,287	71,082
Non-Tax Revenue (₹ in crore)	3,117	3,657	3,213	5,198	1,690
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (in *per cent*)	15.33	15.31	(-)0.79	2.51	11.13
State's share of Union Taxes and Duties (₹ in crore)	49,321	55,776	48,048	44,737	65,541
Grants-in-aid from Government of India (₹ in crore)	26,111	25,810	30,984	38,172	39,846
Gross State Domestic Product (₹ in crore) (2011-12 Series)	9,74,700	11,02,283	12,07,823	13,01,017	15,36,681
Rate of growth of GSDP (in *per cent*)	11.71	13.09	9.57	7.72	18.11
RR/ GSDP (in *per cent*)	13.47	13.24	11.83	11.41	11.59
Buoyancy Ratios[11]					
Revenue Buoyancy w.r.t GSDP	0.97	0.86	(-)0.22	0.50	1.11
State's Own Revenue Buoyancy w.r.t GSDP	1.31	1.17	(-)0.08	0.33	0.61

Source: Finance Accounts and GSDP figure of 2021-22 is collected from Budget Estimates 2022-23.

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

- Revenue Receipts increased by ₹ 29,765 crore (20.06 *per cent*) during 2021-22 over the previous year backed by increase in State's share of Union Taxes and Duties by ₹ 20,804 crore (46.50 *per cent*) followed by State's own tax revenue by ₹ 10,795 crore (17.91 *per cent*), Grants-in-aid from GoI by ₹ 1,674 crore (4.39 *per cent*) set-off by decrease in non-tax revenue by ₹ 3,508 crore (67.49 *per cent*).

- During 2021-22, 41 *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. In the PY, share of State's own resources was 44 *per cent*.

- Revenue buoyancy with respect to GSDP measures the percentage change in the revenue receipts to the percentage change in GSDP. As GSDP grows, the ability of the State Government to mobilise its own revenue should also increase. As can be seen from **Table 2.3** above, Revenue buoyancy remained lower than one during 2017-21 indicating that revenue receipts have not kept pace with the rate at which GSDP grew during 2017-21. However, during 2021-22, revenue collection of the State during 2021-22 was in tandem with the GSDP.

- There was wide fluctuation in the revenue buoyancy of the State, as extraneous factors such as Finance Commission (FC) Award (14th FC

[11] 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.

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 and May 2021), 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 2017-22 are given in ***Appendix 2.1***.

2.5.2.1 Own Tax Revenue

Own tax revenue (OTR) 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 2017-22 is shown in **Table 2.4**.

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22
Sales Tax	12,999	7,813	7,161	9,394	9,951
SGST	14,964	27,067	27,308	26,013	31,271
State Excise	9,340	10,622	11,232	10,666	13,542
Taxes on Vehicles	2,317	2,563	2,601	2,336	2,647
Stamps and Registration Fees	5,261	5,620	6,026	5,528	7,366
Land Revenue	2,875	2,847	2,728	2,756	2,743
Taxes on Goods and Passengers	1,532	435	34	322	5
Other Taxes	3,433	3,765	3,579	3,272	3,557
Total	**52,721**	**60,732**	**60,669**	**60,287**	**71,082**

Source: Finance Accounts

Buoyancy of three major components of State's OTR, i.e., SGST, State Excise and Stamps & Registration fees *vis-a-vis* Revenue Expenditure in the current year compared with 2019-20 remained at 0.50, 0.70 and 0.76 respectively which indicates that the growth of these components are not commensurate with the growth of Revenue Expenditure.

Revenue collection dropped during 2020-21 and in the first quarter of 2021-22 owing to imposition of full/partial lockdowns for COVID-19 pandemic. Easing of lockdown restrictions and lifting of preventive measures from July 2021 had a positive impact on the collection of State's OTR during 2021-22. This may be corroborated from the fact that collection from all major components of OTRs i.e., Sales Tax, SGST, State Excise, Taxes on Vehicles and Stamps & Registration fees increased by 5.93, 20.21, 26.96, 13.31 and 33.25 *per cent*, respectively over 2020-21 (**Table 2.4**). Higher collection of revenues helped to raise the OTR collections by 17.91 *per cent* during 2021-22 after negative growth of 0.63 *per cent* during 2020-21 over 2019-20. Besides this, effective 9 July 2021, fiscal measures were taken by the State Government in the form of rebate of stamp duty by two *per cent* for registration of sale or lease of land, houses or flats and reduction of rates of registration of immovable properties by 10 *per cent*. Such fiscal measures proved crucial as it impacted the State revenue favourably and hinted to growth in the construction and its associated sectors as well as growth in the SGST of the State. Decline in revenue collection under taxes on goods and passengers by 99.67 *per cent* in 2021-22, 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 2022-23 revealed that at the end of 2021-22, arrears in realisation of revenue were ₹ 11,603 crore. Against these arrears, there was no dispute regarding realisation of ₹ 3,466 crore, of which cases exceeding one to two years involved ₹ 22 crore, two to five years ₹ 2,171 crore, five to 10 years ₹ 885 crore and more than 10 years ₹ 388 crore. Circumstances under which revenue of ₹ 3,466 crore could not be realised was not explained in the MTFPS. As mentioned above, undisputed arrears on account of revenue lying unrealised for period ranging between one year and more than 10 years 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 2017-18 to 2021-22 is given in **Table 2.5** below.

Table 2.5: Components of State's Non-Tax Revenue

(₹ in crore)

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22
Interest Receipts	1,396	806	321	2,824	306
Dividend and Profits	37	47	82	2	158
Other Non-Tax Receipts, *of which*	1,684	2,804	2,810	2,372	1,226
a) Major and Medium Irrigation	9	16	15	4	5
b) Road Transport	124	74	64	62	67
c) Urban Development	34	22	26	29	61
d) Education	68	63	63	30	55
e) Non-Ferrous Mining	422	326	215	173	195
f) Others or Misc.	1,027	2,303	2,427	2,074	843
Total	**3,117**	**3,657**	**3,213**	**5,198**	**1,690**

Source: Finance Accounts

During 2021-22, Non-tax revenue decreased by ₹ 3,508 crore (67.49 *per cent*) over the PY. Its contribution in Revenue receipts decreased to 0.95 *per cent* in the current year from 3.50 *per cent* in 2020-21. This was mainly due to accounting of "withdrawal of ₹ 2,498 crore from the Consolidated Sinking Fund (CSF) for meeting borrowing commitments in the COVID-19 pandemic situation" as revenue receipts under the major head '0049-Interest Receipts' during 2020-21.

2.5.2.4 Non-booking of interest receipts on the unspent scheme funds

The mechanism of accounting of the interest receipts on the unspent state schemes and funds lying outside the state exchequer in the savings bank accounts of the DDOs has not yet been framed.

Test check revealed that ₹ 380.50 crore[12] earned as interest on scheme funds/ other public funds lying in the Savings Accounts with the Commercial Banks, had not been accounted as Non-tax Revenue of the state for the financial year 2021-22. Resultantly, Revenue Receipts remained understated by ₹ 380.50 crore with consequent overstatement of Revenue and Fiscal Deficit to that extent (**Table 1.8**).

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 2021-22, Central transfers increased to ₹ 1,05,387 crore from ₹ 82,909 crore in 2020-21, mainly due to increase in devolution of Central tax transfer by ₹ 20,804 crore.

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 7.523 *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 2017-22 is shown in **Table 2.6**.

Table 2.6: Central Tax Transfers **(₹ in crore)**

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Central Goods and Services Tax (CGST)	701	13,766	13,635	13,282	19,025
Integrated Goods and Services Tax (IGST)	4,980	1,099	0	0	0
Corporation Tax	15,107	19,397	16,383	13,508	18,165
Taxes on Income other than Corporation Tax	12,757	14,285	12,837	13,849	19,791
Customs	4,979	3,954	3,046	2,368	4,892
Union Excise Duties	5,204	2,627	2,117	1,502	2,715
Service Tax	5,594	511	0	195	880
Other Taxes[13]	0	137	30	33	73
Central Tax transfers	**49,321**	**55,776**	**48,048**	**44,737**	**65,541**
Percentage of increase over the previous year	11	13	(-)14	(-)7	47
Percentage of Central tax transfers to Revenue Receipts	38	38	34	30	37

Source: Finance Accounts

[12] ₹ 312.85 crore for Krishak Bandhu, ₹ 60.20 crore for Food & Supplies Department and ₹ 7.45 crore for Laxmir Bhandar

[13] Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services

The Central tax transfers at ₹ 65,541 crore in 2021-22 increased by 46.50 *per cent* (₹ 20,804 crore) over the previous year. Increase in transfer of sharable proceeds from direct taxes and indirect taxes attributed to this rise. In direct taxes, increase was mainly noticed under (a) Taxes on Income other than Corporation tax by ₹ 5,942 crore (42.91 *per cent*) and (b) Corporation Tax by ₹ 4,657 crore (34.48 *per cent*). In case of indirect taxes, growth was on account of increase in transfer under (i) CGST by ₹ 5,743 crore (43.24 *per cent*) and (ii) Customs by ₹ 2,524 crore (106.59 *per cent*).

2.5.3.2 Grants from GoI

Grants-in-aid given by the Government of India during 2017-22 are shown in **Table 2.7**.

Table 2.7: Grants-in-aid from Government of India

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Grants for Centrally Sponsored Schemes	15,734	15,688	16,963	17,604	11,077
Grants for Special Plan Schemes	-	-	-	-	-
Finance Commission Transfers	5,283	4,189	6,025	12,351	23,517
Other Transfer/Grants to States/Union Territories with Legislature	5,094	5,933	7,996	8,217	5,252
Total Grants	**26,111**	**25,810**	**30,984**	**38,172**	**39,846***
Percentage of increase over the previous year	5.32	(-)1.15	20.05	23.20	4.39
Revenue Receipts	1,31,270	1,45,975	1,42,914	1,48,394	1,78,159
Percentage of GIA to Revenue Receipts	19.89	17.68	21.68	25.72	22.37

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

Grants from Government of India increased by ₹ 1,674 crore (4.39 *per cent*) over the previous year to ₹ 39,846 crore in 2021-22. This was mainly attributable to increase in Finance Commission Transfers (*as discussed in Paragraph 2.5.3.4*).

2.5.3.3 Grants 'in kind' from GoI remained unaccounted

LMMHA[14] issued by the CGA[15], GoI stipulated that value of the material received as aid to the State Government is to be credited in the functional Major Head '1601-Grants-in-aid from the Central Government'. PFMS portal of the MoHFW[16] showed that GoI, during 2021-22, issued 68 sanctions amounting to ₹ 192.86 crore being the cost adjustment of vaccine supplies 'in kind' given to the GoWB. State Government, however, did not issue necessary sanction orders enabling credit of ₹ 192.86 crore in the State accounts.

Consequently, Grants from GoI remained understated by ₹ 192.86 crore with consequent overstatement of Revenue and Fiscal Deficit to that extent **(Table 1.8)**.

[14] List of Major and Minor Heads of Accounts
[15] Controller General of Accounts
[16] Ministry of Health and Family Welfare

2.5.3.4 Fifteenth Finance Commission Grants

During 2021-22, GoI released Fifteenth Finance Commission (15th FC) grants of ₹ 23,308 crore against the allocation of ₹ 24,314 crore. Released grants included Post Devolution Revenue Deficit grants of ₹ 17,607 crore, local bodies grants of ₹ 4,690 crore[17] and grants for State disaster response and mitigation of ₹ 1,011 crore. Release of grants by GoI *vis-à-vis* the allocations, recommended by 15th FC during the year 2021-22 are detailed in **Table 2.8.**

Table 2.8: Release of 15th FC grants with respect to the allocation during 2021-22

Sl. No.	Grants recommended by the 15th FC	Allocation	Actual release	Short/Non release
		(₹ in crore)		
1.	Grants to RLBs (Tied grants)	1,956.60	1,930.21	26.39
	Grants to RLBs (Untied grants)	1,304.40	1,286.81	17.59
2.	Grants to ULBs for Non-Million Plus Cities (Tied grants)	583.80	291.90	291.90
	Grants to ULBs for Non-Million Plus Cities (Untied grants)	389.20	194.60	194.60
	Grants to ULBs for Million Plus Cities in respect of Air Quality Improvement	211.00	158.25	52.75
	Grants to ULBs for Million Plus Cities in respect of Service level benchmarks for urban drinking water supply, sanitation and solid waste management	422.00	0.00	422.00
3.	Health Grant for Local Bodies	829.00	828.07	0.93
4.	State Disaster Response Fund (SDRF)	808.80	808.80	-
	State Disaster Mitigation Fund (SDMF)	202.20	202.20	-
5.	Post Devolution Revenue Deficit Grants	17,607.00	17,607.00	-
Total		**24,314.00**	**23,307.84**	**1,006.16**

Source: Finance Accounts and Departmental records

Details of 15th FC grants have been described below:

(A) Post Devolution Revenue Deficit Grants

15th FC, based upon assessment of revenues and expenditures of the State calculated pre-devolution revenue deficits. Further, from the assessed devolution of taxes based on the horizontal devolution formula factoring the weightages assigned for each criterion[18], as mentioned in the 15th FC Report, the post-devolution revenue deficit (PDRD) was derived. States which still had shown a revenue deficit after apportioning PDRD, were recommended PDRD grants. Being a revenue deficit State, 15th FC recommended PDRD grants of ₹ 45,128 crore to West Bengal during 2020-25 (**Table 2.9**).

[17] Excluded ₹ 209.50 crore received during 2021-22, earmarked for the year 2020-21 in connection with 'Million plus cities in respect of air quality improvement'

[18] Population (15 *per cent*), Area (15 *per cent*), Forest and ecology (10 *per cent*), Income distance (45 *per cent*), Tax and fiscal efforts (2.5 *per cent*) and demographic performance (12.5 *per cent*)

Table 2.9: Details of PDRD Grants recommended for the period 2020-25

Year	PDRD Grants recommended by 15th FC (₹ in crore)
2020-21	5,013
2021-22	17,607
2022-23	13,587
2023-24	8,353
2024-25	568
Total	**45,128**

Source: 15th FC Report

PDRD grants provided to West Bengal upto 2021-22 and actual Revenue Deficit registered, are shown in **Table 2.10**.

Table 2.10: Details of receipt of PDRD Grants

Name of FC	Year	PDRD Grants	Actual Revenue Deficit
		(₹ in crore)	
14th FC	2015-16	8,449	9,095
	2016-17	3,311	16,086
15th FC	2020-21	5,013	29,527
	2021-22	17,607	32,000

Source: FC Reports and Finance Accounts

Thus, the State Government failed to contain the RD, despite receipt of PDRD grants from GoI.

(B) Short/ non receipt of 15th FC Grants from the GoI

As shown in the **Table 2.8**, there was a short receipt of grants amounting to ₹ 1,006 crore from the GoI.

- In respect of un-tied grants, 15th FC did not mention any conditionalities for release. However, reasons for short receipt of un-tied grants amounting to ₹ 212 crore for Local Bodies, were not on record.
- Finance Department, despite pursuance, did not furnish reasons for short/non-receipt of tied grants amounting to ₹ 794 crore from the GoI.

(C) Avoidable payment of Interest

Fifteenth FC provided that the States should release grants to local bodies within 10 working days of its being credited to State Government's account by the Government of India. Any delay in the release of above grants would attract penal interest as per the effective rate of interest on market borrowings/State Development Loans for the previous year.

It was observed that 15th FC grants of ₹ 4,071.27 crore[19] were released with delays ranging between six to 71 days due to which, GoWB had to pay interest of ₹ 11.48 crore[20] during 2021-22.

(D) Pending Interest Payment

Para 7 of the State Disaster Risk Management Fund guidelines stipulated that immediately upon contribution of GoI's share of SDRF, the State should transfer it along with its share to the Public Account within 15 days of its receipt. Any delay in transfer for the number of days of delay would attract penal interest at the bank rate of RBI.

It was observed GoWB did not pay interest of ₹ 4.88 crore till October 2022, despite delayed transfer[21] of SDRF grants (₹ 1,427.23 crore[22]) to the Public Account during 2018-22. Interest outstanding for the year 2021-22 was ₹ 2.19 crore.

Finance Department did not furnish reasons for payment/pending payment of interest owing to delayed disbursements by GoWB despite those being called for (November 2022).

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 2.11 shows the trends in growth and composition of net capital receipts during the period 2017-22.

Table 2.11: Trends in growth and composition of net capital receipts

(₹ in crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	**45,957**	**71,693**	**75,766**	**75,579**	**77,639**
Public debt receipts	45,743	70,197	75,699	75,429	77,581
Public debt repayment	25,011	45,786	40,413	26,890	31,540
Net Public Debt Receipts (1)	**20,732**	**24,411**	**35,286**	**48,539**	**46,041**
Growth rate (in *per cent*)	(-)17.80	17.75	44.55	37.56	(-)5.15
Miscellaneous Capital Receipts	0	692	30	0	0
Recovery of Loans and Advances	214	804	67	150	58
Non-debt capital receipts (2)	**214**	**1,496**	**67**	**150**	**58**
Capital Expenditure (3)	19,368	23,717	15,971	13,034	17,484
Disbursement of Loans and Advances (4)	(-)31	865	1,266	2,277	1,102
Net capital receipts (1+2-3-4)	**1,609**	**1,325**	**18,116**	**33,378**	**27,513**
Growth rate (in *per cent*)	**(-)89.89**	**(-)17.65**	**1,267.25**	**84.25**	**(-)17.57**

[19] RLB grants of ₹ 3,217.02 crore *plus* ULB grants of ₹ 854.25 crore
[20] RLBs: ₹ 7.14 crore and ULBs: ₹ 4.34 crore
[21] Delay ranged from five to 124 days
[22] (Central Share: ₹ 1,077.90 crore and State Share: ₹ 349.33 crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Net Internal Debt*	19,708	24,286	34,400	43,553	38,848
Growth rate (in *per cent*)	(-)23.24	23.23	41.65	26.61	(-)10.80
Net Loans and advances from GoI	1,024	125	886	4,986	7,193
Growth rate (in *per cent*)	(-)324.56	(-)87.79	608.80	462.75	44.26
Rate of growth of debt Capital Receipts (in *per cent*)	21.90	53.46	7.84	(-)0.36	2.85
Rate of growth of non-debt capital receipts (in *per cent*)	(-)93.38	599.07	(-)95.52	123.88	(-)61.33
Rate of growth of GSDP (in *per cent*)	11.71	13.09	9.57	7.72	18.11
Buoyancy of Net Public Debt Receipts w.r.t GSDP	(-)1.52	1.36	4.65	4.87	(-)0.28
Rate of growth of Capital Receipts (in *per cent*)	12.76	56.00	5.68	(-)0.25	2.73

Source: Finance Accounts; GSDP figure of 2021-22 is collected from Budget Estimates 2022-23.
**Including gross figures under WMA of ₹5,395 crore in 2017-18, ₹25,005 crore in 2018-19, ₹15,860 crore in 2019-20, ₹8,155 crore in 2020-21 and ₹193 crore in 2021-22*

Capital Receipts (₹ 77,639 crore) in the current year increased by ₹ 2,060 crore (2.73 *per cent*) over 2020-21 mainly due to increase in Market Borrowings (MBs) and Loans & Advances from GoI by ₹ 7,710 crore (13 *per cent*) and ₹ 2,084 crore (32 *per cent*) respectively over the PY partially *offset* by decrease in WMA of ₹ 7,961 crore (98 *per cent*) over the PY.

Net capital receipts decreased by 17.57 *per cent* from ₹ 33,378 crore to ₹ 27,513 crore in 2021-22, mostly due to decrease in net public debt receipts by ₹ 2,498 crore (5.15 *per cent*) over the PY. Net public debt receipts (NPDR) buoyancy with respect to GSDP in the current year being (-)0.28 *per cent* became less buoyant than the previous year (4.87 *per cent*). This implies that the NPDR tends to decrease by 0.28 *per cent* even if the GSDP increases by one *per cent*. NPDR in the current year decreased by 5.15 *per cent* to ₹ 46,041 crore from the level of ₹ 48,539 crore in the PY owing to higher Public Debt Repayment this year over the PY.

Public debt receipts create future repayment obligations. In the current year, public debt receipts used for repayment of public debts raised in earlier years increased to 40.65 *per cent* from the level of 35.65 *per cent* in the PY. Increase in debt repayment from the debt receipts indicate contraction of productive expenditure from the debt receipts.

Non-debt capital receipts in the shape of recoveries of loans and advances and Miscellaneous Receipts decreased by 61.33 *per cent* to ₹ 58 crore due to less recovery of loans from Public Sector Enterprises/ Bodies/ Authorities. 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 2021-22 has been shown in **Table 2.12**.

Table 2.12: Tax and non-tax receipts *vis-à-vis* projections

Particulars	FC projections	Budget Estimates	Actual	Percentage variation of actual over	
	(₹ in crore)			FC projections	Budget estimates
Own Tax revenue	68,467	75,416	71,082	3.82	(-)5.75
Non-tax revenue	3,302	4,612	1,690	(-)48.82	(-)63.36

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

As could be seen from **Table 2.12**, State's Own Tax Revenue exceeded the target set by the projection of FC by four *per cent* (₹ 2,615 crore) but fell short of the targets set in the budget estimates by six *per cent* (₹ 4,334 crore). In case of non-tax revenue, corresponding targets fell short by 49 *per cent* (₹ 1,612 crore) and 63 *per cent* (₹ 2,922 crore). Overall, short collection of State's own revenue contributed to widening the gap of revenue deficit with respect to 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 2.13 gives the trend of total expenditure and its composition while **Table 2.14** gives relative share of various sectors in expenditure during the period 2017-22. The expenditure under various sectors in respect of revenue and capital and their relative share in GSDP during 2017-22 are given in ***Appendix 2.1***.

Table 2.13: Total expenditure and its composition

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Total Expenditure (TE)	1,60,414	1,80,956	1,79,812	1,93,232	2,28,745
Revenue Expenditure (RE)	1,41,077	1,56,374	1,62,575	1,77,921	2,10,159
Capital Expenditure (CE)	19,368	23,717	15,971	13,034	17,484
Loans and Advances	(-)31	865	1,266	2,277	1,102
As a percentage of GSDP					
TE/ GSDP	16.46	16.42	14.89	14.85	14.89
RE/ GSDP	14.47	14.19	13.46	13.68	13.68
CE/ GSDP	1.99	2.15	1.32	1.00	1.14
Loans and Advances/ GSDP	0.00	0.08	0.10	0.18	0.07

Source: Finance Accounts; GSDP figure of 2021-22 is collected from Budget Estimates 2022-23.
***Note:** Revenue Expenditure (RE) of ₹ 2,008 crore during 2021-22 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2021-22 would thus be ₹2,12,167 crore instead of ₹2,10,159 crore. On the contrary, actual CE during 2021-22 would be ₹15,476 crore instead of ₹17,484 crore.*

State's total expenditure (TE) consists of Revenue Expenditure (RE), Capital Expenditure (CE) and disbursement of loans and advances. TE during the current year increased by ₹ 35,513 crore (18.38 *per cent*) over the previous year. This was mainly due to increase of RE by ₹ 32,238 crore (18.12 *per cent*) backed by Lakshmir Bhandar scheme (₹ 5,765 crore) in Social Services and Krishak Bandhu scheme (₹ 3,801 crore) in Economic Services. With respect to GSDP, RE remained same as the PY (13.68 *per cent*) while CE increased by 0.14 *per cent* over that of 2020-21. During 2017-22, CE as a percentage of GSDP was second lowest, at 1.14, in the current year. 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 reduced by 0.11 *per cent.*

Table 2.14: Relative share of various sectors of expenditure

Parameters	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
	(in *per cent*)				
General Services	33.30	31.94	34.86	36.86	34.55
Social Services	41.89	42.05	43.67	42.85	48.05
Economic Services	24.52	25.26	20.52	18.88	16.76
Others (Grants to Local Bodies and Loans and Advances)	0.29	0.75	0.95	1.41	0.64

Source: Finance Accounts

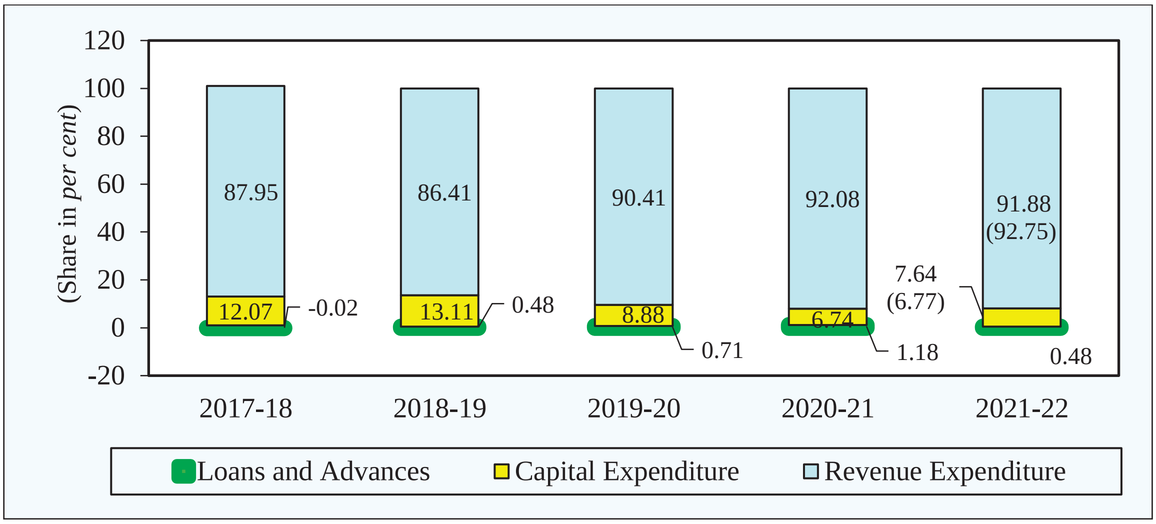
***Note**: During 2021-22, Revenue Expenditure of ₹ 12,941 crore in the Public Distribution System, misclassified in Social Services (SS) instead of Economic Services (ES). Similarly, in the Pradhan Mantri Aawas Yojana, ₹5,015 crore misclassified in ES instead of SS; Election expenditure of ₹ 175 crore misclassified in SS instead of GS; and expenditure on Health of ₹323 crore misclassified in ES instead of SS. Resultantly, relative shares of expenditure under GS, SS and ES would be 34.63, 44.65 and 20.08 instead of 34.55, 48.05 and 16.76 respectively.*

Expenditure under Social Sector constituted a major portion of the State's Expenditure. As can be seen from **Table 2.14** above, around 42 to 48 *per cent* of the total expenditure was covered under this sector during 2017-22 indicating Government's priority on spending on social activities. In the current year, the relative share of this sector being at 48.05 *per cent* increased by 5.20 *per cent* over the PY owing to expenditure of ₹ 5,765 crore incurred for 'West Bengal Lakshmir Bhandar Scheme[23]. The relative share of expenditure on General Services reduced by 2.31 *per cent* to 34.55 *per cent*. In the case of Economic Services, the relative share decreased by 2.12 *per cent*, over the previous year, to 16.76 *per cent*, 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 2017-22 and **Chart 2.6** presents the total expenditure out of the Consolidated Fund during 2021-22.

[23] A welfare scheme launched by Government of West Bengal during 2021-22 for providing financial support (₹ 500 per month to General category and ₹ 1,000 per month to SC/ST category) to female household who do not have any of the sources of income to carry on their livelihood.

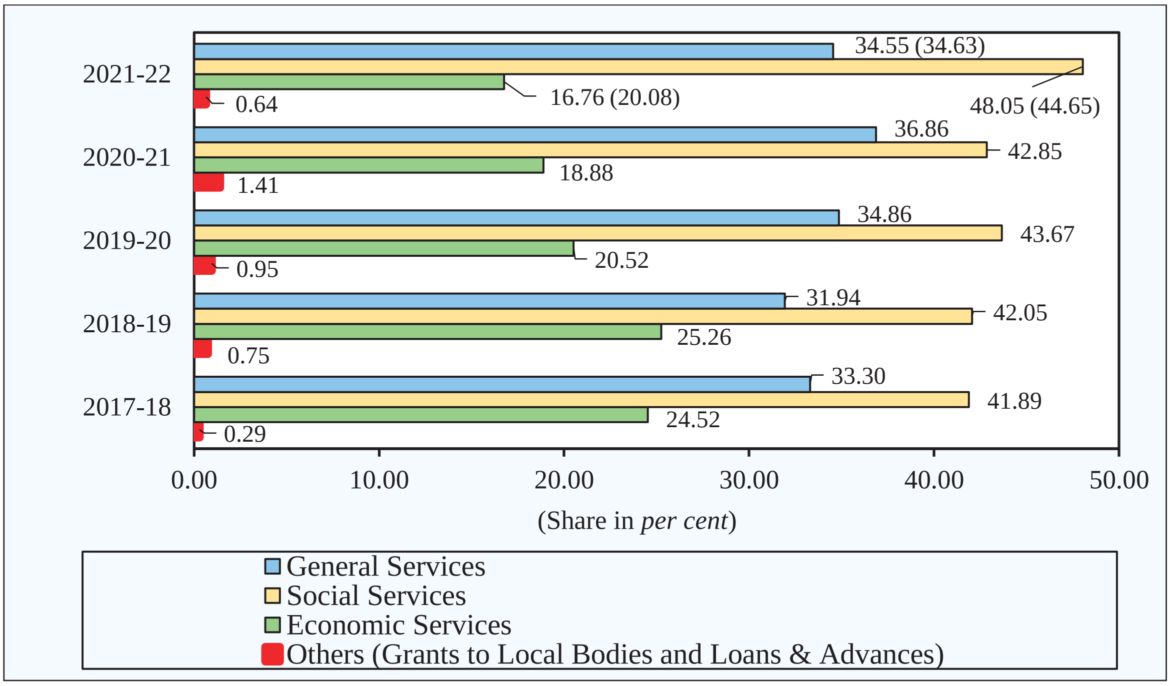
Chart 2.4: Total Expenditure: Trends in share of its components



Source: Finance Accounts

Note: Shares of Revenue Expenditure (RE) and Capital Expenditure (CE) in Total Expenditure would be changed (as shown in brackets) during 2021-22 if the misclassification of ₹2,008 crore between RE and CE as pointed out by Audit in Note below Table 2.13 is factored in.

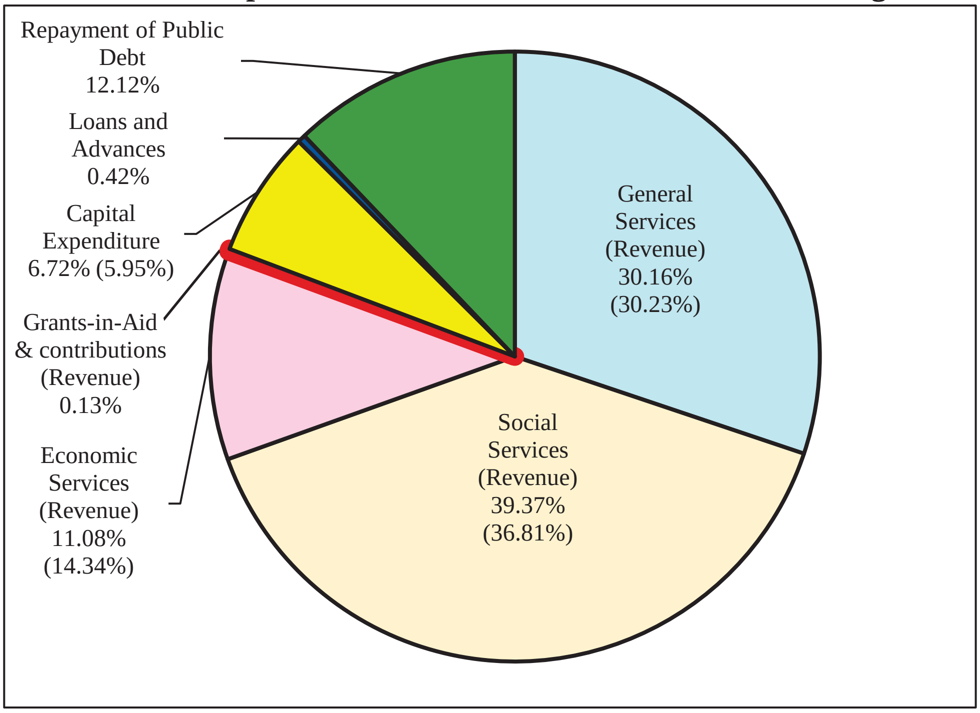
Chart 2.5: Total expenditure - Expenditure by activities



Source: Finance Accounts

***Note:** Shares of expenditures on General, Social and Economic Services with respect to the Total Expenditure would be changed (as shown in brackets) during 2021-22 if the misclassification between RE & CE and misclassification of RE among General, Social and Economic sectors, as pointed out by Audit in Note below Table 2.13 and Note below Table 2.14 respectively, is factored in.*

Chart 2.6: Total Expenditure out of the Consolidated Fund during 2021-22



Source: Finance Accounts

Note: Shares of Capital Expenditure and expenditures on general, social and economic sectors in Revenue section would be changed (as shown in brackets) if the misclassification between RE & CE and misclassification of RE among General, Social and Economic sectors, as pointed out by Audit in Note below Table 2.13 and Note below Table 2.14 respectively, is factored in.

As evident from the **Chart 2.4**, Capital Expenditure (CE) had increased significantly during 2017-19, with its share as a percentage of Total Expenditure (TE) increasing from 12.07 *per cent* in 2017-18 to 13.11 *per cent* in 2018-19. From 2019-20, the share of CE, however, witnessed a declining trend from 8.88 *per cent* in 2019-20 and further to 6.74 *per cent* in 2020-21. During 2021-22, the share of CE increased to 7.64 though it remained below the levels during 2017-20. This is attributable to the fact that as disbursement of Loans and Advances with respect to TE reduced by 0.70 *per cent* to 0.48 *per cent* in the current 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 2017-22 are shown in **Table 2.15**.

Table 2.15: Revenue Expenditure- Basic Parameters

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Total Expenditure (TE)	1,60,414	1,80,956	1,79,812	1,93,232	2,28,745
Revenue Expenditure (RE)	1,41,077	1,56,374	1,62,575	1,77,921	2,10,159

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Rate of Growth of RE (*per cent*)	5.35	10.84	3.97	9.44	18.12
Revenue Expenditure as percentage of TE	87.95	86.42	90.41	92.08	91.87
RE/ GSDP (*per cent*)	14.47	14.19	13.46	13.68	13.68
RE as percentage of RR	107.47	107.12	113.76	119.90	117.96
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.46	0.83	0.41	1.22	1.00
Revenue Receipts (ratio)	0.47	0.97	(-)1.89	2.46	0.90

Source: Finance Accounts; GSDP figure of 2021-22 is collected from Budget Estimates 2022-23.

***Note**: Revenue Expenditure (RE) of ₹2,008 crore in 2021-22 was misclassified as Capital Expenditure (CE). Rate of growth of RE during 2021-22 would be 19.25 instead of 18.12 per cent, if misclassification between RE and CE is factored in. RE as a percentage of TE would also be changed to 92.75 instead of 91.87.*

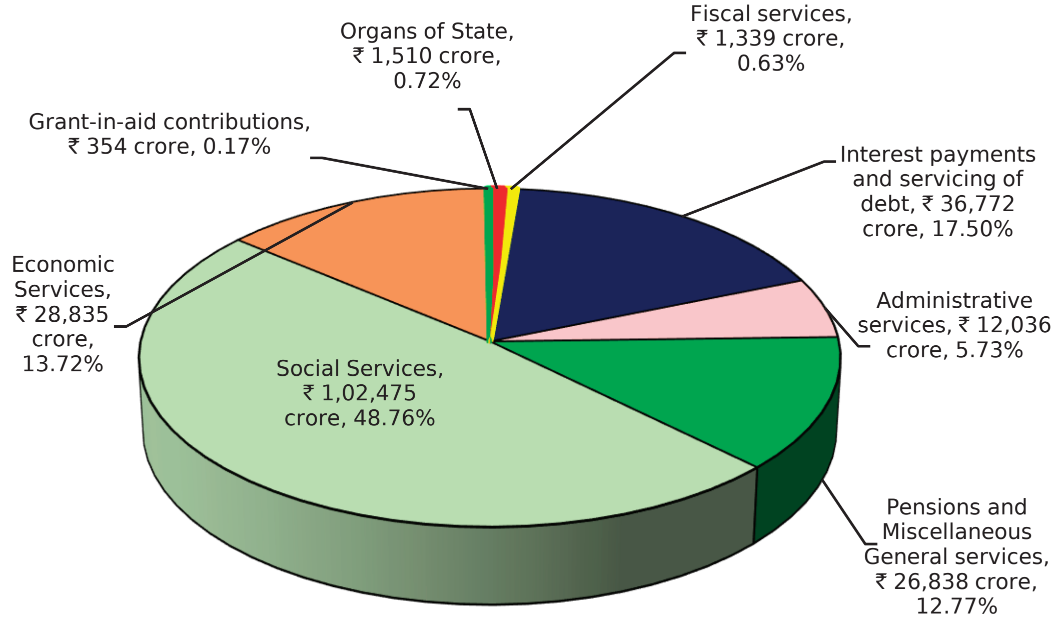
Revenue Expenditure (RE) constituted a significant portion (91.87 *per cent*) of the total expenditure. Its share in total expenditure (TE) decreased by 0.21 *per cent* over the previous year. While analysing the last five years' data, it was observed that RE as a percentage of RR has been highest during 2020-21 (119.90 *per cent*) which was again similar in the year 2021-22 which results into increased Revenue Deficit.

The trend of RE with GSDP over the last five years (about 13 to 14 *per cent* of GSDP) has almost been constant indicating less elasticity of the revenue expenditure in terms of GSDP. In contrast, the ratio of state's revenue receipts to GSDP has been decreasing from 13.47 *per cent* to 11.59 *per cent* (**Table 2.3**). These trends may result into widening the gap of the revenue deficit. This is further confirmed with the data in **Table 2.3** wherein the State's own revenue has increased in the ratio of 0.61 to the increase in GSDP in the year 2021-22.

During 2017-22, 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 2021-22 has been shown in **Chart 2.7**.

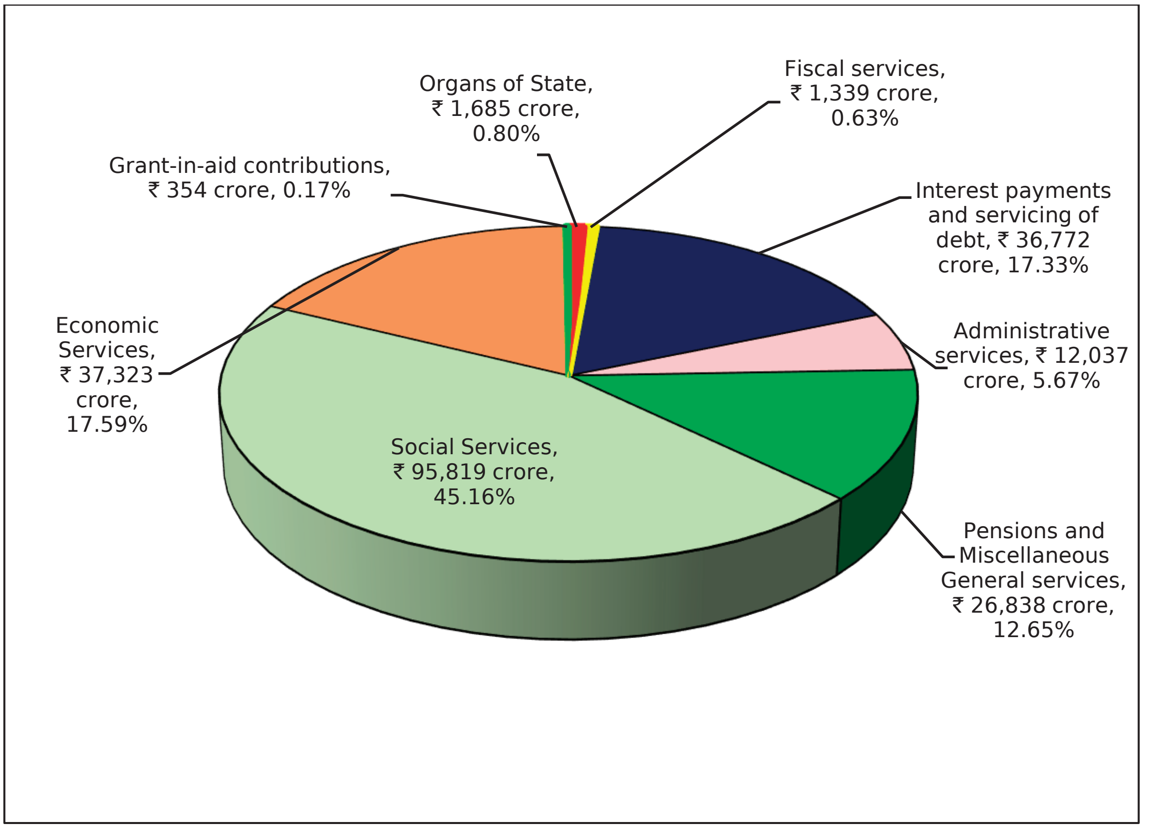
Chart 2.7: Sector-wise distribution of revenue expenditure during 2021-22



Source: Finance Accounts

The sector-wise distribution of Revenue Expenditure during 2021-22 in **Chart 2.7** would be impacted as shown in **Chart 2.7(A)**, if the misclassifications of Revenue Expenditure as Capital Expenditure (*vide* note below **Table 2.15**) and expenditures on General, Social & Economic sectors in Revenue section (*vide* note below **Table 2.14)**, are factored in.

Chart 2.7(A): Sector-wise distribution of revenue expenditure during 2021-22



2.8.1 Major changes in Revenue Expenditure

Revenue Expenditure (₹ 2,10,159 crore) increased by 18.12 *per cent* (₹ 32,238 crore) over the previous year. Increase in Social Services by 30 *per cent* (₹ 23,628 crore) followed by General Services by 11 *per cent* (₹ 7,811 crore) and Economic Services by three *per cent* (₹ 894 crore) set off by decrease in Grants-in aid and contributions by 21 *per cent* (₹ 95 crore) contributed to this growth.

In Social Services, major increases were noticed in (i) Social Welfare and Nutrition by ₹ 14,806 crore (75 *per cent*), (ii) Health and Family Welfare by ₹ 3,750 crore (31 *per cent*) and (iii) Water Supply, Sanitation, Housing and Urban Development by ₹ 2,485 crore (34 *per cent*).

In General Services, major increases were noticed in (i) payments of Pension by ₹ 5,282 crore (25 *per cent*) and (ii) Interest Payment by ₹ 2,891 crore (nine *per cent*).

In Economic services, major increase was noticed in Agriculture and Allied Activities by ₹ 3,496 crore (76 *per* cent) which was partially offset by decrease in Rural Development by ₹ 2,684 crore (16 *per cent*).

Significant variations noticed in major heads of account during 2021-22 *vis-à-vis* 2020-21 have been shown in **Table 2.16**.

Table 2.16: Variation in Revenue Expenditure during 2021-22 compared to 2020-21

Major Heads of Account	2020-21	2021-22	Increase (+)/ Decrease (-)
	(₹ in crore)		
2235-Social Security and Welfare	15,508	31,127	15,619
2071-Pensions and Other Retirement benefit	21,394	26,676	5,282
2210-Medical and Public Health	10,777	14,448	3,671
2401-Crop Husbandry	2,563	5,781	3,218
2049-Interest Payments	33,781	36,672	2,891
2202-General Education	34,190	36,340	2,150
2217-Urban Development	5,969	8,026	2,057
2515-Other Rural Development Programmes	5,669	7,177	1,508
2236-Nutrition	691	1,781	1,090
2505-Rural Employment	10,737	6,658	(-)4,079
2245-Relief on account of Natural Calamities	3,606	1,704	(-)1,902
2075-Miscellaneous General Services	1,428	162	(-)1,266

Source: Finance Accounts

***Note**: During 2021-22, ₹12,941 crore was wrongly booked under '2235' instead of '2408'; Similarly, ₹2,035 crore and ₹2,980 crore booked under '2217' and '2505' respectively instead of '2216'; ₹175 crore booked under '2217' in lieu of '2015'; ₹323 crore booked under '2515' in lieu of '2210'. As a result, increase in expenditure under '2235', '2210' and '2515' would be changed to ₹2,678 crore, ₹3,994 crore and ₹1,185 crore respectively and increase of ₹2,057 crore under '2217' would be changed to decrease of ₹153 crore. On the contrary, decrease under '2505' would be changed to ₹7,059 crore.*

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

- Expenditure on 'Women's Welfare' increased to ₹ 6,365 crore, an increase of 544.36 *per cent* from ₹ 988 crore in 2020-21;
- Expenditure on 'Special component plan for Scheduled Castes' under Social Welfare increased to ₹ 3,277 crore, an increase of 395.02 *per cent* from ₹ 662 crore in 2020-21;
- Expenditure on 'Swasthya Sathi' increased to ₹ 2,371 crore, an increase of 245.12 *per cent* from ₹ 687 crore in 2020-21;
- Expenditure on 'Jawahar Gram Samridhi Yojana' decreased to ₹ 2,341 crore, a decrease of 49.85 *per cent* from ₹ 4,667 crore in 2020-21;
- Expenditure on State Lotteries decreased to ₹ 9 crore, a decrease of 99.32 *per cent* from ₹ 1,295 crore;
- Assistance for repairs/reconstruction of houses for relief on account of natural calamities decreased to ₹ 69 crore, a decrease of 96.36 *per cent* from ₹ 1,888 crore;

- Expenditure on 'Special component plan for Scheduled Castes' under Crop Husbandry increased to ₹ 2,273 crore, an increase of 1,778.51 *per cent* from ₹ 121 crore in 2020-21.

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 2017-22 has been shown in **Table 2.17**.

Table 2.17: Components of Committed Expenditure

Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Salaries & Wages	37,803	41,541	48,567	56,660	59,379
***Of which*, Grants-in-aid salary[24]**	21,510	23,574	27,815	32,592	33,978
Expenditure on Pensions	14,588	16,063	17,462	21,394	26,676
Interest Payments	28,074	28,911	31,668	33,782	36,672
Total	**80,465**	**86,515**	**97,697**	**1,11,836**	**1,22,727**
As a *percentage* of Revenue Receipts (RR)					
Salaries & Wages	28.80	28.46	33.98	38.18	33.33
Expenditure on Pensions	11.11	11.00	12.22	14.42	14.97
Interest Payments	21.39	19.81	22.16	22.76	20.59
Total	**61.30**	**59.27**	**68.36**	**75.36**	**68.89**
As a *percentage* of Revenue Expenditure (RE)					
Salaries & Wages	26.80	26.57	29.87	31.85	28.26
Expenditure on Pensions	10.34	10.27	10.74	12.02	12.69
Interest Payments	19.90	18.49	19.48	18.99	17.45
Total	**57.04**	**55.33**	**60.09**	**62.86**	**58.40**

Source: Finance Accounts

As can be seen from **Table 2.17** above, committed expenditure constituted over 55 *per cent* of Revenue Expenditure during 2017-22 while it accounted for over 59 *per cent* and above of the Revenue Receipts of the State during the same period. Though the share of expenditure available for utilisation out of the Revenue Expenditure, after meeting the committed expenditure, progressed to 42 *per cent* in the current year from 37 *per cent* in 2020-21, it has remained almost constant over the last three years. In the Committed Expenditure during 2017-22, share of Salaries and Wages constituted 47 to 51 *per cent* while the share of expenditure on Pension constituted 18 to 22 *per cent*.

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

Buoyancy of Committed Expenditure *vis-a-vis* Revenue Receipts in the current year compared with 2019-20 remained at 1.04, implying that the growth of Committed Expenditure is far ahead than the growth of Revenue Receipts. In the case of General States (GS), the ratio was 0.86.

- ***Salaries and Wages***

Share of salaries in Revenue Expenditure varied between 27 and 32 *per cent* during 2017-22. Of the total salaries, Grants-in-Aid salaries hovered between 56-57 *per cent.* During the year 2021-22, share of salaries in RE decreased by four *per cent* to 28 *per cent.* The increase during the year 2021-22 was ₹ 2,719 crore (4.80 *per cent*) compared to an increase of ₹ 8,093 crore (16.66 *per cent*) during 2020-21. Revision of pay with effect from 1 January 2020, pursuant to West Bengal Services (Revision of Pay and Allowance) Rules[25], 2019 contributed to the increase during 2020-21. Expenditure on Salary grew at a CAGR of 11.95 *per cent* during the period 2017-22.

- ***Interest Payments***

Interest Payments accounted for 20.59 *per cent* of Revenue Receipts during 2021-22, which was higher than the ceiling of 17.49 *per cent* prescribed in the Fiscal Policy Strategy Statement (FPSS), placed along with the budget for 2021-22. Expenditure on Interest Payments (₹ 36,672 crore) grew by ₹ 2,890 crore (8.55 *per cent*) from the previous year (₹ 33,782 crore) due to increase in interest payment on Market loans by 13.81 *per cent* (₹ 3,305 crore).

Besides this, GoWB paid interest of ₹ 46 crore for making repayment of Cash Credit Loans (CCLs) (availed through off budget route), taken before 2021-22 for funding various state sponsored schemes. The interest outgo on CCLs was booked in the Accounts as grants-in-aid (₹ 45 crore) and subsidy (₹ 1 crore) instead of interest payment. As such, actual interest of ₹ 36,672 crore was understated by ₹ 46 crore with consequent overstatement of grants-in-aid and subsidy as mentioned *ibid.*

- ***Pensions***

Expenditure on Pension in Revenue Expenditure varied between 10 and 13 *per cent* during 2017-22. Pension payment grew at a CAGR of 16.29 *per cent* during this period. During 2021-22, expenditure on Pension increased by 24.69 *per cent* (₹ 5,282 crore) over 2020-21.

Buoyancy of Pension Payments *vis-a-vis* Revenue Receipts in the current year compared with 2020-21 remained at 1.23, implying that the increase in Pension is much higher than the growth of Revenue Receipts.

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

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

to the State recruited on or after 1 January 2004. This scheme is not applicable for State Government employees.

During 2021-22, out of the required transfer of ₹ 6.23 crore to NSDL (National Securities Depositories Limited)/ Trustee Bank, Government's contribution of ₹ 6.28 crore was transferred.

2.8.4 Subsidies

Expenditure on subsidies for the period from 2017-18 to 2021-22 has been shown in **Table 2.18.**

Table 2.18: Expenditure on subsidies during 2017-22

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies (₹ in crore)	11,677	13,403	9,709	12,377	16,660
Subsidies as a percentage of Revenue Receipts	8.90	9.18	6.79	8.34	9.35
Subsidies as a percentage of Revenue Expenditure	8.28	8.57	5.97	6.96	7.93

Source: Finance Accounts

Detailed payment of subsidy is shown in **Appendix-II** of the Finance Accounts. As can be seen from **Table 2.18** above, there was sharp downward trend of subsidies in 2019-20 from the levels of 2017-18 and 2018-19. However, there was a sharp increase in subsidies by ₹ 2,668 crore (27.48 *per cent*) in 2020-21 followed by ₹ 4,283 crore (34.60 *per cent*) in 2021-22 from the levels of the respective previous years.

Increase in supply of subsidised rice to the APL/BPL families in the TPDS[26] from ₹ 8,810 crore in 2020-21 to ₹ 12,314 crore during the current year was the main contributing factor. Besides this, Power and Transport subsidies also increased to ₹ 1,550 crore and ₹ 1,110 crore respectively from ₹ 1,375 crore and ₹ 1,019 crore in 2020-21. During 2021-22, subsidy as a percentage of revenue receipts and revenue expenditure increased by 1.01 and 0.97 *per cent* respectively over the previous year.

In the following four departments, the State Government incurred expenditure of ₹ 1,073 crore in the nature of subsidies during 2021-22 (**Table 2.19**).

Table 2.19: Details of expenditure in the nature of subsidies during 2021-22

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	970.06

[26] Targeted Public Distribution System

Sl. No.	Scheme/Subsidy	Name of Department	Amount (₹ in crore)
2.	Somobyathi – Financial Assistance to bereaved family members of deceased person who are in extreme financial necessity	Panchayats & Rural Development	69.66
3.	Incentive for encouraging the setting up of new enterprises and expansion of existing enterprises	Micro, Small & Medium Enterprises and Textile	30.57
4	Incentive to Private Sector for construction of tourism units as defined under W.B. Incentive Scheme, 2008 for Tourism unit (for large and medium Industries)	Tourism	2.15
	Total		**1,073.04**

Source: Appropriation Accounts of Government of West Bengal (2021-22)

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 ₹ 79,966 crore was provided by the State Government to local bodies and other institutions by way of grants in 2021-22 (**Table 2.20**). There was an increase in the overall quantum of assistance by ₹ 16,835 crore (26.67 *per cent*) in comparison to the previous year (₹ 63,131 crore). Assistance as a percentage of Revenue Expenditure, increased by three *per cent* to 38 *per cent.*

Table 2.20: Financial Assistance to Local Bodies and other Institutions

(₹ in crore)

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
Local Bodies					
Municipal Corporations and Municipalities	4,786	4,787	4,529	5,166	5,965
Panchayati Raj Institutions	15,180	11,678	13,466	11,285	11,494
Total (A)	**19,966**	**16,465**	**17,995**	**16,451**	**17,459**
Others					
Educational Institutions (Universities)	1,419	1,345	7,507	8,447	7,419
Development Authorities	320	295	0	0	0
Other Autonomous Bodies	2,008	1,403	0	0	0
Co-operative Institutions	305	214	249	147	176
Public Sector Undertakings (PSUs)	1,893	1,117	298	179	181
Non-Government Organisations (NGOs)	21,123	19,461	23,244	27,048	28,408

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
Others[27]	7,931	17,289	12,329	10,859	26,323
Total (B)	**34,999**	**41,124**	**43,627**	**46,680**	**62,507**
Total (A+B)	**54,965**	**57,589**	**61,622**	**63,131**	**79,966**
Revenue Expenditure	1,41,077	1,56,374	1,62,575	1,77,921	2,10,159
Assistance as percentage of Revenue Expenditure	39	37	38	35	38

Source: Finance Accounts

To implement various State sponsored schemes, GoWB, in and before 2021-22, raised CCL through various Government owned or controlled Public Sector Enterprises or Societies, via the off-budget route. During 2021-22, Government had borne its commitments on account of principal (₹ 1,166 crore) and interest (₹ 46 crore) from its budget by way of grants-in-aid (₹ 1,195.40 crore) and subsidy (₹ 16.55 crore). Thus, grants-in-aid and subsidy of ₹ 79,966 crore and ₹ 16,660 crore were overstated by ₹ 1,195.40 crore and ₹ 16.55 crore, respectively with an understatement of principal repayment of debt (₹ 31,540 crore) and interest payments (₹ 36,672 crore) by ₹ 1,166 crore and ₹ 46 crore, respectively.

As can be seen from **Table 2.20**, 13.52 and 12.53 *per cent* of RE during 2021-22 was incurred on NGOs and Others, respectively 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 2022 as discussed in **Paras 4.12** and **5.12.** Release of financial assistance without insisting on rendering timely accounts is detrimental to public accountability and indicated poor financial management.

2.8.6 Delayed formation of the State Finance Commission and non-sharing of the agreed devolution of funds to the Local Bodies

(I) Delayed formation of the State Finance Commission

Articles 243I of the Constitution mandates that the State, within one year from the commencement of the Seventy-third amendment Act, 1992 and, thereafter, at the expiration of every fifth year, constitute a State Finance Commission (SFC). SFCs recommend measures to augment the Consolidated Fund of a State to supplement the resources of local governments.

As per the Constitutional provision, setting up of the SFC becomes due prior to the completion of two years before the previous SFC. The SFC is required to submit its report to the Government within one year from the date of its constitution. Government accepts its recommendations by placing the Action Taken Report (ATR) before the State Legislature.

A synoptic view of the status of the constitution of different SFCs of West Bengal, submission of their reports and publication of ATRs by the Government,

[27] Includes grants released for 'National Old Age Pension Scheme (State Share), 'Annapurna Scheme for welfare of aged, infirm and destitute' and 'Scheme for financial assistance to the workers in locked-out industrial units' etc.

is given in **Table 2.21**.

Table 2.21: Status of constitution of State Finance Commissions

SFC	Date of Notification of constitution	Report submitted to the Government	ATR published by the State Government	Acceptance of ATR from the date of submission of the Report	Implementation Year
First	30.05.1994	27.11.1995	22.07.1996	238 days	1996-97 to 2000-01
Second	14.07.2000	06.02.2002	15.07.2005	1,255 days	2001-02 to 2005-06
Third	22.02.2006	31.12.2008	16.07.2009	197 days	2008-09 to 2012-13
Fourth	30.04.2013	02.02.2016	06.06.2022	2,316 days	2015-16 to 2019-20
Fifth*	23.05.2022	-	-	-	2020-21 to 2024-25

Source: Reports of different State Finance Commissions
**Not yet implemented*

- Thus, Government did not constitute SFCs regularly as scheduled i.e. at the interval of every five years. As can be seen from **Table 2.21**, periods of Third and Fourth SFCs had commenced two years later from the original period of implementation, and the fifth SFC was set up only in May 2022, resulting in non-transfer of funds to Local Bodies during the intervening periods, which deprived them of their share of State Finances.
- As per its terms of reference, the Fourth SFC was to submit its Report by 30 April 2014. The report was, however, submitted to Government after an extension of 22 months.
- There were delays in acceptance of ATRs, ranging between 238 and 2,316 days from the date of submission of the Reports to the Government. In the Fourth SFC, Government took six years and four months in submitting the ATRs on the recommendations of the Fourth SFC.

Significant delays in constitution and submission of recommendations of the SFCs and delayed placement of ATRs deprived the Local Bodies from getting their share of state revenues, at an enhanced rate, in a time-bound manner.

(II) Non-transfer of the agreed devolution of funds

Fourth SFC proposed to devolve ₹ 1,104 crore (basing it as 2.5 *per cent* of the projected own tax revenue) in 2015-16 to the Local Bodies bearing the shares of RLB and ULB as 59.91 and 40.09 *per cent* respectively. The proposed devolution was to be increased 15 *per cent* from 2016-17 to 2019-20. Government of West Bengal, in the ATR, however, agreed to devolve ₹ 900 crore in 2016-17 to the Local Bodies with an annual increase of three *per cent* from 2017-18 to 2019-20. Thus, the SFC's recommended devolution for the financial year 2015-16 remained un-transferred by the Government to the local bodies.

A) Rural Local Bodies

Transfer of Fourth SFC grants by Panchayats and Rural Development (P&RD) department against the recommended and agreed devolution is given in **Table 2.22**.

Table 2.22: Fourth SFC Grants transferred to RLBs against the recommended and agreed devolution

Year	Recommended devolution (₹ in crore)	Agreed devolution@ (₹ in crore)	Actually transferred to RLBs (₹ in crore)	Shortfall against the Agreed devolution (₹ in crore)	Shortfall (in *per cent*)
2015-16	661.31	0	0	0	0
2016-17	760.51	539.19	0	539.19	100
2017-18	874.58	555.37	153.00	402.37	72.45
2018-19	1,005.77	572.03	178.53	393.50	68.79
2019-20	1,156.63	589.19	422.88	166.31	28.23
Total	**4,458.80**	**2,255.78**	**754.41**	**1,501.37**	**66.56**

Source: Fourth SFC Report, Action Taken Report and Departmental records
@At annual increase of three per cent

- The total agreed devolution (₹ 2,256 crore) of funds to RLBs, in four year (2016-20), was only 51 *per cent* of the amount recommended by the Fourth SFC.
- Further, as against the amount of ₹ 2,256 crore, the Government transferred only ₹ 754 crore to the RLBs. The Government transferred only 33 *per cent* of the amount agreed to the RLBs and thus, 67 *per cent* of the agreed funds were not devolved by the Government.
- Third SFC (2008-09 to 2012-13) grants amounting to ₹ 132 crore were transferred to RLBs in the year 2017-18 i.e. after five years and in the year of implementation of the Fourth SFC. This reflects the arbitrariness in transfer of funds by the Government to RLBs.

Since the GoWB constituted the Fifth SFC belatedly in May 2022, though due from 2020-21, the devolution of funds was to be regulated with the previous SFC recommendations i.e. increasing rate of three *per cent* per annum. **Table 2.23** below shows that, Government, transferred only ₹ 234 crore to the RLBs, as against the devolutions due for ₹ 1,232 crore, which is merely 19 *per cent* of the amount due. Thus, Government's transfers were less by ₹ 998 crore to the RLBs during 2020-22.

Table 2.23: Transfer against the agreed devolution during 2020-22

Year	Due amount (₹ in crore)	Actual transfer (₹ in crore)	Shortfall (₹ in crore)	Shortfall (in *per cent*)
2020-21	606.87	0	606.87	100
2021-22	625.08	233.66	391.42	62.62
Total	**1,231.95**	**233.66**	**998.29**	**81.03**

B) Urban Local Bodies

Transfer of Fourth SFC grants by Urban Development and Municipal Affairs (UD&MA) Department against the recommended and agreed devolution is given in **Table 2.24**.

Table 2.24: Transfers to ULBs under Fourth SFC

Year	Recommended devolution	Agreed devolution@	Transferred to ULBs	Shortfall against the Agreed devolution	Shortfall (in *per cent*)	Transferred in/from	Delay in release of grants
	(₹ in crore)						
2015-16	442.49	-	21.44	(-)21.44	-	2018-19	3 years
2016-17	508.86	360.81	225.59	135.22	37.48	2018-19 to 2021-22	2 to 5 years
2017-18	585.19	371.63	161.68	209.95	56.49	2018-19 to 2021-22	1 to 4 years
2018-19	672.97	382.78	61.44	321.34	83.95	2019-20 to 2021-22	1 to 3 years
2019-20	773.92	394.26	27.06	367.20	93.14	2020-21 to 2021-22	1 to 2 years
Total	**2,983.43**	**1,509.48**	**497.21**	**1,012.27**	**67.06**		

Source: Fourth SFC Report, Action Taken Report and Departmental records
@At annual increase of three per cent

- Government in its ATR agreed to devolve ₹ 1,509 crore in four years (2016-20) to ULBs, which is 51 *per cent* of the devolution, recommended by the Fourth SFC. However, Government transferred ₹ 497 crore (33 *per cent*) only to the ULBs, which is 67 *per cent* less than the agreed devolution.
- Grants for the respective years were transferred with a delay ranging from one to five years. Allocation for 2016-17 was transferred during 2021-22, i.e. with a delay of five years.

Since the GoWB constituted the Fifth SFC belatedly, the funds were to be devolved with reference to the previous SFC, with three *per cent* increase per annum. Accordingly, an amount of ₹ 824.36 crore was to be devolved. However, Government during 2021-22, transferred only ₹ 8 crore which may virtually be termed as 'no transfers' (**Table 2.25**).

Table 2.25: Transfer to ULBs for the FYs 2020-22

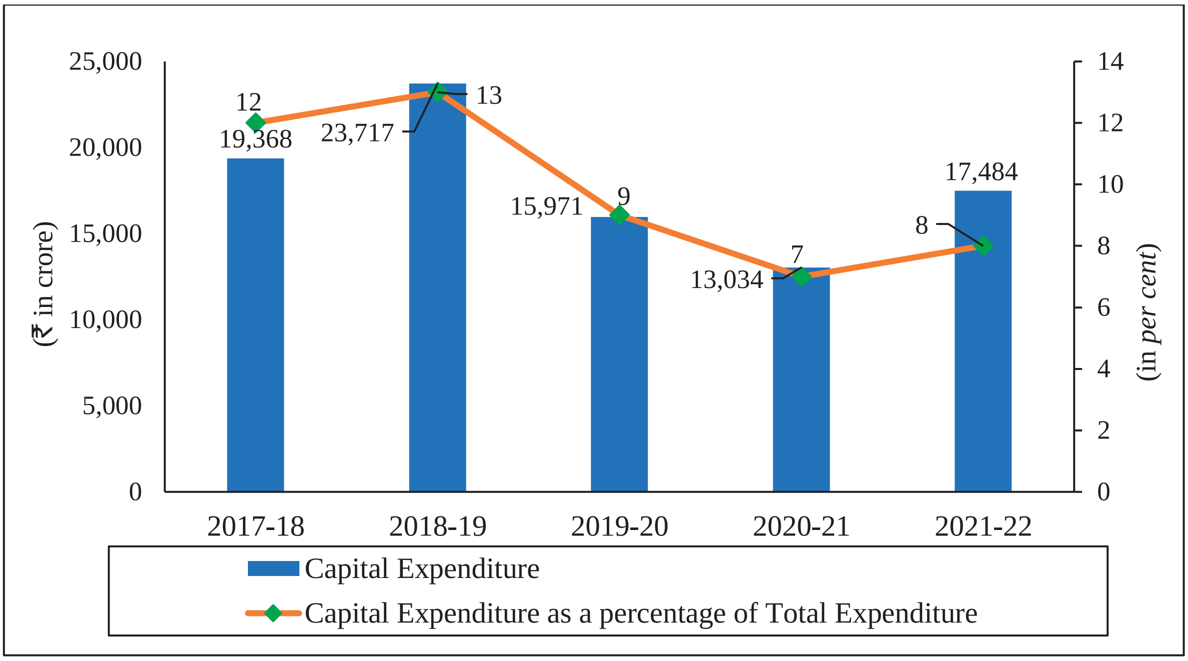
Year	Amount Due	Actual Transfer	Shortfall	Shortfall (in *per cent*)
	(₹ in crore)			
2020-21	406.09	0	406.09	100
2021-22	418.27	8.00	410.27	98.09
Total	**824.36**	**8.00**	**816.36**	**99.03**

The arbitrary transfer and the significant shortfall in transfer against the agreed devolution frustrated the objective of the constitutional mechanism of sharing State Finances with the local bodies.

2.9 Capital Expenditure

Capital Expenditure of the State and its contribution to Total Expenditure for 2017-22 has been shown in **Chart 2.8**.

Chart 2.8: Capital expenditure in the State



Source: Finance Accounts

***Note**: Revenue Expenditure (RE) of ₹ 2,008 crore during 2021-22 was incorrectly booked as Capital Expenditure (CE). Actual CE during 2021-22 would thus be ₹15,476 crore instead of ₹17,484 crore. Hence, during 2021-22 CE as a percentage of TE would be 7 per cent instead of 8 per cent.*

Chart 2.8 shows that in the current year, capital expenditure as a percentage of total expenditure increased by just one *per cent* from seven *per cent* though the quantum of expenditure increased by ₹ 4,450 crore (34.14 *per cent*) over the PY. The increase of one percentage is mainly due to increase in revenue expenditure by ₹ 32,238 crore (18.12 *per cent*) relative to total expenditure which rose by ₹ 35,513 crore (18.38 *per cent*) over 2020-21.

Again, the booking of Capital Expenditure (₹ 17,484 crore) has to be viewed in the light of the fact that ₹ 2,008 crore was incorrectly booked under capital section instead of revenue (**Table 1.8** and **Para 3.3.2**). Out of ₹ 2,008 crore, expenditure of ₹ 497.52 crore in the nature of Grants-in-Aid was misclassified as Capital Expenditure (CE) (**Para 2.9.1**).

2.9.1 Major changes in Capital Expenditure

Major changes in CE during 2021-22 *vis-à-vis* 2020-21 have been shown in **Table 2.26**.

Table 2.26: Capital Expenditure during 2021-22 compared to 2020-21

Major Heads of Accounts	2020-21	2021-22	Increase (+)/ Decrease (-)
	(₹ in crore)		
4215-Capital Expenditure on Water Supply and Sanitation	656	3,643	2,987
5054-Capital Expenditure on Roads and Bridges	3,047	4,079	1,032
4801-Capital Expenditure on Power Projects	605	1,301	696
4217-Capital Expenditure on Urban Development	1,500	1,957	457
4885-Other Capital Expenditure on Industries and Minerals	52	370	318
4711-Capital Expenditure on Flood Control Projects	587	899	312
4515-Capital Expenditure on other Rural Development Programmes	1,915	482	(-)1,433

Source: Finance Accounts
Note*: During 2021-22, Revenue Expenditure of ₹ 1,060 crore was incorrectly booked under '4217' as Capital Expenditure. Thus, increase in expenditure of ₹ 457 crore would be reversed to decrease in expenditure of ₹ 603 crore.*

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

- Special repair to Flood damaged infrastructures increased to ₹ 215 crore, an increase of 56.93 *per cent* from ₹ 137 crore in 2020-21;
- Expenditure on Special Infrastructure Projects under Road works increased to ₹ 652 crore, an increase of 111.00 *per cent* from ₹ 309 crore;
- Expenditure on Special Infrastructure Projects under Power sector increased to ₹ 892 crore, an increase of 202.37 *per cent* from ₹ 295 crore;
- Piped water supply schemes for Rural areas increased to ₹ 3,230 crore, an increase of 991.22 *per cent* from ₹ 296 crore;
- Road works under PMGSY decreased to ₹ 229 crore, a reduction of 87.28 *per cent* from ₹ 1,801 crore.

Capital Expenditure during 2017-22 in respect of the following major areas has been shown in **Table 2.27**.

Table 2.27: Capital Expenditure during 2017-22 in respect of some major areas

Major Heads of Accounts	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Roads and Bridges	3,528	5,059	4,128	3,047	4,079
Urban Development	2,365	1,906	1,821	1,500	1,957
Power Projects	827	1,752	1,550	605	1,301

Source: Finance Accounts

Analysis revealed that capital expenditure on the following three sectors have increased in 2021-22 by 30 to 115 *per cent* as compared to the PY:

- Roads and Bridges led by CE for 'Road Works', witnessed a significant outlay of ₹ 2,948 crore during 2021-22. Compared to 2020-21, expenditure for CE on this count enhanced by ₹ 735 crore (33 *per cent*) which contributed to increase in expenditure on this sector;
- There was an increase of CE 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, CE under this sector registered a downward trend. In the current year, CE in this sector enhanced by 30.47 *per cent* with respect to the previous year;
- In Power projects, CE significantly increased during 2018-19 owing to equity participation of the State Government in power utilities. In the current year, CE led by special infrastructure projects in Power sector increased by ₹ 597 crore (202.37 *per cent*) over the previous year which attributed to the enhancement in this sector.

Misclassification of grants-in-aid as Capital Expenditure

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 AMRUT[28] 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.

During 2021-22, GoWB booked ₹ 497.52 crore in AMRUT which includes Central share of ₹ 259.45 crore and State share of ₹ 238.07 crore. Audit noticed that the sanctioned amount was released to SUDA[29] 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 budgeted[30] and booked as capital expenditure. Consequently, capital expenditure was overstated by ₹ 497.52 crore with corresponding understatement of revenue expenditure and revenue deficit.

The practice of booking of grants-in-aid as Capital Expenditure 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, 2019-20 and 2020-21.

[28] Atal Mission for Rejuvenation and Urban Transformation
[29] State Urban Development Agency
[30] Being Central share of ₹ 514 crore and State share of ₹ 157.50 crore

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

As of 31 March 2022, the State Government's investment stood at ₹ 18,705 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. During 2021-22, the total investment made by the Government was ₹ 417 crore with the major investments being in WBFC[31] (₹ 142 crore), WBSEDCL[32] (₹ 115 crore), WBHDCL[33] (₹ 46 crore) and GCGSCL[34] (₹ 34 crore). The average return on this investment, however, remained negligible (0.84 *per cent*). The position of return on investments[35] during 2017-22 is given in **Table 2.28**.

Table 2.28: Return on Investment

Investment/return/ cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year (₹ in crore) (A)	15,884	17,427	18,154	18,288	18,705
Return (₹ in crore) (B)	37	47	82	2	158
Return (*per cent)* (B/A*100) = C	0.25	0.28	0.46	0.01	0.84
Average rate of interest on Government Borrowings (*per cent*) (D)	8.04	7.67	7.66	7.34	7.17
Difference between interest rate and return (*per cent*) (D-C) = E	7.79	7.38	7.20	7.33	6.33

Source: Finance Accounts

The Government earned a meagre return of ₹ 158 crore in 2021-22 on its investment of ₹ 18,705 crore in various Corporations/ Companies. Dividends received only from PSUs (₹ 157.74 crore) and Co-operative Banks & Societies (₹ 0.20 crore). The return on investment was negligible at 0.84 *per cent* during 2021-22, far lower than the average rate of interest (7.17 *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 2.29** presents the outstanding loans and advances as on 31 March 2022, along with interest receipts during the five-year period from 2017-18 to 2021-22.

Table 2.29: Quantum of loans disbursed and recovered during the last five years

Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Opening Balance of loans outstanding	12,963	12,718	12,779	13,979	16,106
Amount advanced during the year	(-)31	865	1,267*	2,277	1,102
Amount recovered during the year	214	804	67	150	58

[31] West Bengal Financial Corporation
[32] West Bengal State Electricity Distribution Company Limited
[33] West Bengal Highway Development Corporation Limited
[34] Greater Calcutta Gas Supply Corporation Limited
[35] In Statutory Corporations, Government Companies, Co-operative Societies and Banks

Quantum of loans disbursed and recovered	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
	(₹ in crore)				
Closing Balance of the loans outstanding	12,718	12,779	13,979	16,106	17,150
Net addition	(-)245	61	1,200	2,127	1,044
Interest received	1,031	548	122	118	97

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

The total amount of outstanding loans and advances as on 31 March 2022 was ₹ 17,150 crore. The amount of loans disbursed during the year decreased by 51.60 *per cent* from ₹ 2,277 crore in 2020-21 to ₹ 1,102 crore in 2021-22.

Government loans to eight Government Companies amounting to ₹ 835 crore and one Urban Local Bodies amounting to ₹ 257 crore in 2021-22 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 decreased by ₹ 92 crore from ₹ 150 crore in 2020-21 to ₹ 58 crore in 2021-22 mainly due to decrease in recovery of loans for Power Projects by ₹ 42 crore. Power utilities like WBPDCL[36] and DPL[37] expressed their inabilities to repay the loan owing to acute financial crisis. Against the estimation, actual recovery was only 41.73 *per cent*. Interest received decreased from ₹ 1,031 crore in 2017-18 to ₹ 97 crore in the current year despite increase in outstanding loans from ₹ 12,718 crore to ₹ 17,150 crore in the aforesaid period. Low recovery led to arrears of ₹ 2,573 crore on account of principal (mainly on Government Companies: ₹ 1,427 crore and Statutory Corporations: ₹ 738 crore) and ₹ 3,320 crore on account of interest (mainly on Government Companies: ₹ 1,641 crore and Statutory Corporations: ₹ 1,044 crore) overdue for realisation as of 31 March 2022. 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.

2.9.3 Capital Expenditure 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

[36] West Bengal Power Development Corporation Limited
[37] Durgapur Projects Limited

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 negative balance of ₹ 205.55 crore as of 31 March 2021. During 2021-22, ₹ 4.72 crore was transferred to WBCETF from one capital expenditure head (Major Head-5054) while disbursement from the WBCETF stood at ₹ 177.21 crore during 2021-22. Resultantly, the closing balance in WBCETF continued to remain adverse at ₹ 378.04 crore.

Such inadequate contribution to WBCETF, which was not sufficient to cover the closing balance as on 31 March 2021 as well as disbursement during 2021-22, was indicative of the accounting procedure being defective.

2.9.4 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 States[38] 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 2.30**.

Table 2.30: Expenditure priority of the State with regard to Health, Education and Capital expenditure

Particulars	TE/GSDP	DE/TE	CE/TE	Education/TE	Health/TE
	(in *per cent*)				
General States (GS) Average (2016-17)	17.17	70.77	15.19	14.89	4.76
West Bengal	16.78	64.80	7.74	15.70	5.64
General States Average (2021-22)	15.84	66.74	13.29	14.66	6.20
West Bengal	14.89	65.29	7.64	16.24	7.33

Source: Finance Accounts and MoSPI data; For West Bengal, GSDP figure for 2021-22 is collected from Budget Estimates 2022-23.
***Note:** TE: Total Expenditure, CE: Capital Expenditure and DE: Development Expenditure*

Analysis of expenditure priorities of the State revealed the following:

- The share of capital expenditure was lower in the State compared to the GS average affecting physical capital formation with a cascading impact on economic growth in the long run.
- Despite higher spending on social services (48.18 *per cent*) with respect to TE compared to GS (38.31 *per cent*), State lagged behind in the area of development expenditure as the spending on economic services (17.11

[38] States other than North Eastern (NE) and Himalayan States

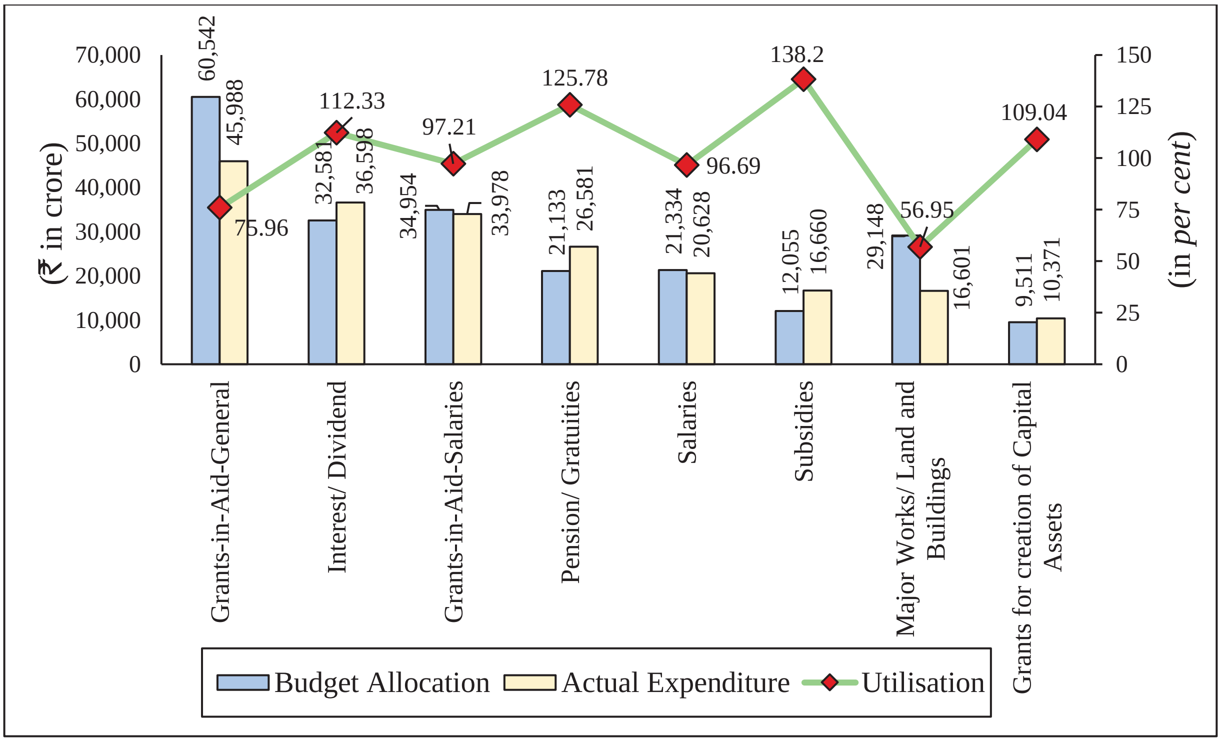
per cent) with respect to TE lagged behind the GS (28.44 *per cent*). In the case of neighbouring States of Bihar, Odisha and Jharkhand, DE with respect to TE were 71.54, 72.63 and 69.68 *per cent* respectively.

- The share of expenditure on Education and Health in the State as a proportion of total expenditure was higher than the corresponding GS average. State's expenditure in Education (₹ 37,143 crore) was lower than Bihar (19.45 *per cent*) but higher than Odisha (14.15 *per cent*) and Jharkhand (15.16 *per cent*). Similarly, in the Health, State's expenditure (₹ 16,768 crore) was higher than Bihar (6.24 *per cent*) and Jharkhand (6.55 *per cent*) but lower than Odisha (7.79 *per cent*). As a percentage of GSDP, expenditure on health remained at 1.09 *per cent.*

2.9.5 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 **Chart 2.9**.

Chart 2.9: Object Head-wise Expenditure *vis-à-vis* budget authorisation



Source: VLC data and Finance Accounts (2021-22)

As can be seen from the above chart, expenditure exceeded the budgetary allocation under four object heads. Under two object heads, budgetary allocation of above 90 *per cent* was spent while in one object head, the utilisation was below 60 *per cent*. The total expenditure during 2021-22 was ₹ 2,28,745 crore. Out of this, Salaries including Grants-in-Aid salaries, Grants-in-Aid-General and Interest/ Dividend accounted for 23.87, 20.10 and 16 *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 2.31**.

Table 2.31: Component-wise increase/decrease in net balances in Public Account as of 31 March of the year

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
		(₹ in crore)				
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	1,164	1,128	1,593	2,288	1,919
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)978	215	887	774	325
	(b) Reserve Funds not bearing Interest	133	2,199	645	(-)1,210	833
K. Deposits and Advances	(a) Deposits bearing Interest	1,846	3,373	2,749	3,340	3,276
	(b) Deposits not bearing Interest	761	2,339	(-)93	(-)2,274	(-)1,139
	(c) Advances	0	0	0	0	0
L. Suspense and Miscellaneous	(a) Suspense	54	139	182	(-)227	(-)52
	(b) Other Accounts	1,580	(-)1,572	3,666	35	(-)280
M. Remittances	(a) Money Orders, and other Remittances	0	0	0	0	0
	(b) Inter-Governmental Adjustment Account	5	2	(-)14	(-)1	13
Total		**4,565**	**7,823**	**9,615**	**2,725**	**4,895**

Source: Finance Accounts

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

Net Public Accounts Receipts increased by ₹ 2,170 crore (79.63 *per cent*) over 2020-21 mainly owing to net inflow in the balances on Reserve Funds (₹ 1,594 crore), Deposits and Advances (₹ 1,071 crore) partially *offset* by net outflow in the balance on Small Savings and Provident Funds (₹ 369 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 Account 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 receipts[39] 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 2022, ₹ 90.39 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 ₹ 90.39 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 ₹ 14,748 crore lying in these funds as on 31 March 2022, an amount of ₹ 12,497 crore was under 15 non-interest bearing Reserve Funds and ₹ 2,251 crore was under three Interest bearing Reserve Funds. There are no in-operative reserve funds in 2021-22. Out of the total accumulated balance in these funds, ₹ 12,233 crore (82.95 *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 liabilities[40] at the end of the previous year to the CSF. During 2021-22, GoWB's contribution was ₹ 905 crore of which Government's contribution to CSF was only ₹ 100 crore and interest earned on investment from CSF was ₹ 805 crore. This,

[39] (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

[40] Public Debt and Liabilities in Public Account

however, fell short of the prescribed contribution of ₹ 2,432.15 crore[41]. The closing balance of ₹ 11,102 crore at the end of 31 March 2022 was invested.

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 2022, a balance of ₹ 1,528.97 crore was lying in the fund, of which ₹ 383.63 crore remained invested. Contributions to the SDRF were effected through book adjustment without any actual cash involvement. The residual amount of ₹ 1,145.34 crore remained un-invested. Such non-investment goes against the spirit of the SDRF. Moreover, as transfer of fund was effected through book adjustment, the residual amount of ₹ 1,145.34 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 2022 stood at ₹ 747.87 crore. During 2021-22, State Government contributed ₹ 50 crore against the required contribution of ₹ 38.64 crore[42].

The guidelines of GRF *inter alia* stipulated that guarantee commission (GC) collected was to be transferred to the fund. In the current year, State Government did not receive any GC against the receivable of ₹ 150 crore. Non- receipt of GC led to understatement of the balances in GRF by ₹ 150 crore during 2021-22.

2.12 Debt Management

Outstanding debt (₹ 5,36,478 crore[43]) during 2017-22 increased at a CAGR of 10.41 *per cent.* In the current year, it grew by 10.29 *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 2017-22 are given in **Table 2.32**.

[41] Based on 0.5 per cent of outstanding liabilities of ₹ 4,86,430 crore at the end of March 2021

[42] Based on 0.5 per cent of the outstanding guarantees (₹ 7,727.68 crore) as on 31 March 2021

[43] The effective outstanding fiscal liabilities would be ₹ 5,30,053 crore as GST compensation of ₹ 6,425 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 2.32: Component wise debt trends

		2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Overall Debt* (₹ in crore)		3,60,961	3,93,300	4,33,475	4,86,430	5,36,478
Public Debt	***Internal Debt (₹ in crore)***	3,01,778	3,26,064	3,60,464	4,04,017	4,42,866
	Loans from GoI (₹ in crore)	14,233	14,358	15,244	20,230	27,423
Liabilities on Public Account (₹ in crore)		44,950	52,878	57,767	62,183	66,189
Rate of growth of outstanding Overall debt (*percentage*)		6.89	8.96	10.21	12.22	10.29
Gross State Domestic Product (GSDP) (₹ in crore)		9,74,000	11,02,283	12,07,823	13,01,017	15,36,681
Debt/ GSDP (*per cent*)		37.03	35.68	35.89	37.05#	34.49#
Total Debt Receipts (₹ in crore)		1,27,580	1,61,383	1,81,007	1,86,034	1,97,690
Total Debt Repayments (₹ in crore)		1,04,301	1,29,044	1,40,832	1,33,079	1,47,642
Interest Payment (₹ in crore)		28,074	28,911	31,668	33,782	36,672
Interest Payment/Revenue Receipts (*percentage*)		21.39	19.80	22.16	22.77	20.58
Total Debt available (₹ in crore)		23,279	32,339	40,175	52,955	50,048
Debt Repayments/ Debt Receipts (*percentage*)		81.75	79.96	77.80	71.53	74.68

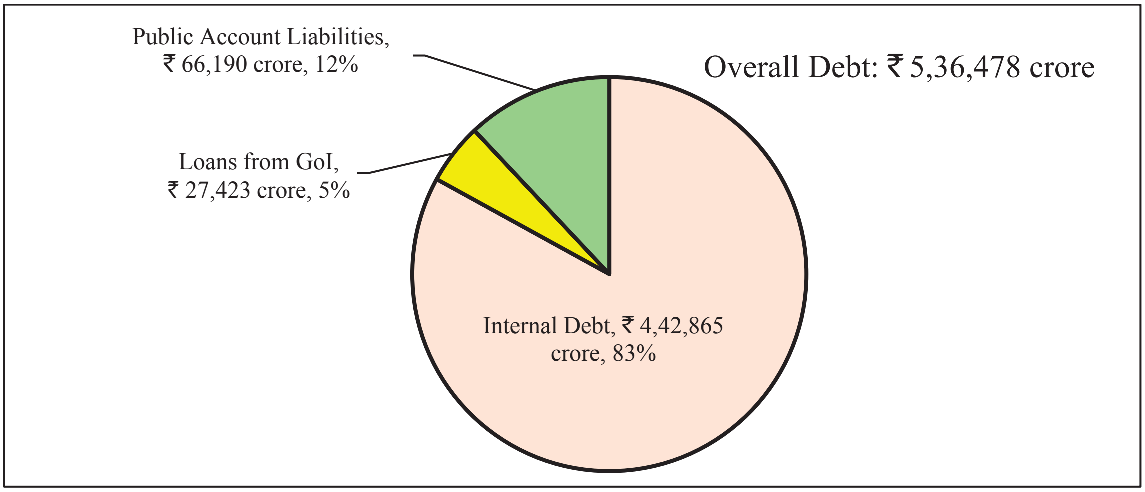
Source: Finance Accounts
**Outstanding Overall Debt refers to the cumulative balance of Public Debt and other Liabilities.*
#The Debt to GSDP ratios during 2020-21 and 2021-22 were 37.39 and 34.91 per cent respectively (as per Finance Accounts). However, the effective debt to GSDP ratio have been arrived at after exclusion of GST compensation of ₹4,431 crore and ₹6,425 crore received during 2020-21 and 2021-22 respectively as back-to-back loan under debt receipts from the outstanding overall debt.

The effective outstanding overall debt would be ₹ 5,30,053 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 6,425 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.

During the period 2017-22, the borrowed funds were mostly utilized for debt repayment and filling the gap of Revenue account, which reduces the productivity of the borrowed funds.

Chart 2.10 represents the break-up of outstanding debt at the end of the financial year 2021-22.

Chart 2.10: 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.

WBFRBM (Amendment) Act 2020 targeted the Outstanding Debt to be not more than 34.30 *per cent* of GSDP at the end of 2021-22. The State Government failed to adhere to the target, as the Outstanding Debt-GSDP ratio was 34.49 *per cent* as on 31 March 2022.

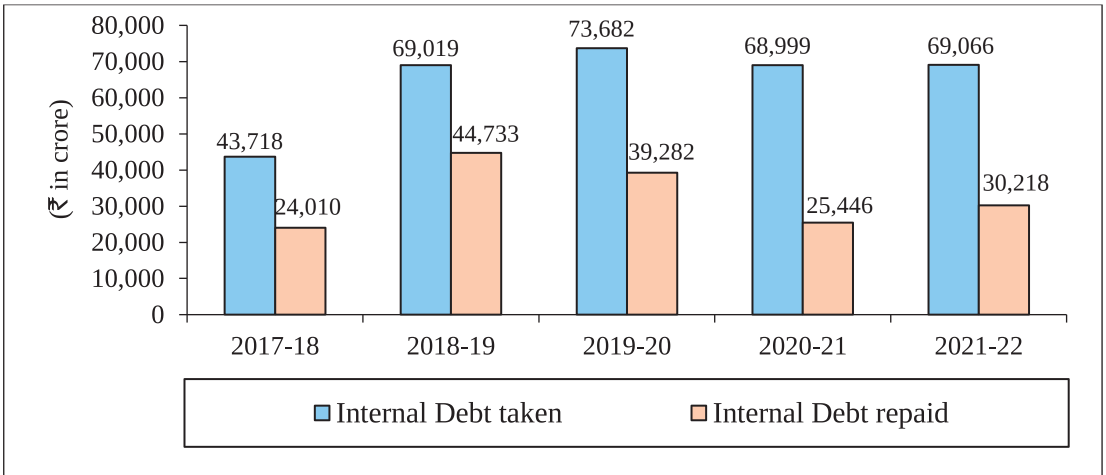
Interest payments relative to Revenue Receipts, at 20.58 *per cent*, also crossed the target of 17.49 *per cent* set out in the FPSS presented with the budget as per WBFRBM Act. Besides this, as mentioned in **Para 2.8.2**, Government also paid interest of ₹ 46 crore through grants-in-aid/subsidy for the CCL availed through off-budget route during 2009-11 and 2020-22. Ratio of interest payments to revenue receipts, therefore, would be 20.61 *per cent* instead of 20.58 *per cent.*

Approximately 72 to 82 *per cent* of borrowed funds were used for repayment of debt during the period 2017-18 to 2021-22, indicating the State is borrowing primarily for restructuring of previous debts rather than for infrastructure creation.

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF, accounts for 82.55 *per cent* of the total outstanding debt.

The details of receipt and repayment of internal debt during the years 2017-22 are given in **Chart 2.11.**

Chart 2.11: Internal debt taken *vis-a-vis* repaid



Source: Finance Accounts

Note: *Internal debt taken and repaid included WMA of ₹ 5,395 crore in 2017-18, ₹ 25,005 crore in 2018-19, ₹ 15,860 crore in 2019-20, ₹ 8,155 crore in 2020-21 and ₹ 193 crore in 2021-22. Here Internal debt taken and repaid indicate the receipt and repayments under the Head of Account '6003'.*

As on 31 March 2022, market borrowings (₹ 3,85,634 crore) formed a major portion (87.08 *per cent*) of the outstanding internal debt (₹ 4,42,866 crore) of the State Government, with interest rates ranging from 6.65 to 7.48 *per cent.* State Government paid an interest of ₹ 33,042 crore on Internal Debt. **Chart 2.11** shows that internal debt taken rose steadily during the period 2017-20 and during 2020-22. During 2021-22, internal debt repaid increased by 18.75 *per cent* whereas internal debt taken increased by only one *per cent* over 2020-21. This led to decrease in the availability of borrowed funds for utilisation out of internal debt to 56.25 *per cent* from 63.12 *per cent* in 2020-21. The ratio of 56.25 *per cent* would be changed to 54.56 *per cent* if the CCL raised by PSUs through off-budget route and principal repayment of ₹ 1,166 crore there-against by GoWB are factored in. 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 Public Debt Sustainability Analysis

Public Debt Sustainability indicators during 2017-22 has been shown in **Table 2.33**.

Table 2.33: Public Debt sustainability indicators

Public Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt* (₹ in crore)	3,16,011	3,40,422	3,75,708	4,24,247	4,70,288
Rate of Growth of Outstanding Public Debt	7.02	7.72	10.37	12.92	10.85
GSDP (₹ in crore)	9,74,700	11,02,283	12,07,823	13,01,017	15,36,681
Rate of Growth of GSDP	11.71	13.09	9.57	7.72	18.11
Public Debt/ GSDP	0.32	0.31	0.31	0.33	0.31
Debt Maturity profile of repayment of State debt – including default history, if any	-	-	-	-	-
Average interest Rate of Outstanding Public Debt (*per cent)*	8.40	8.13	8.05	7.79	7.51
Percentage of Interest payment$ to Revenue Receipts	19.55	18.28	20.16	21.00	18.84
Percentage of Debt Repayment to Debt Receipts	54.68	65.23	53.39	35.65	40.65
Net Debt available to the State# (₹ in crore)	(-)4,936	(-)2,268	6,472	17,374	12,469
Net Debt available as *per cent* to Debt Receipts	(-)10.79	(-)3.23	8.55	23.03	16.07
Primary Surplus (+)/ Deficit (-)	(-)856	(-)4,574	(-)5,163	(-)10,906	(-)13,856
Interest spread	3.31	4.96	1.53	(-)0.08	10.61
Quantum spread[44]	10,460	16,885	5,748	(-)339	49,898

[44] Quantum Spread = Debt Stock * Interest Spread where Interest Spread means GSDP growth *minus* Average Interest Rate

Public Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Debt Stabilisation (Quantum spread + Primary Deficit) (₹ in crore)	9,604	12,311	585	(-)11,245	36,042

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 2.33**, revealed the following:

- High increase of quantum spread[45] because of high growth rate of GSDP helped in increasing debt stabilisation though Primary Deficit was on rise;
- Decrease in the Public Debt-GSDP ratio as the rate of growth of GSDP (18.11 *per cent*) surpassed the growth of outstanding public debt (10.85 *per cent*);
- Contraction in average interest rate of outstanding public debt from the year 2017-18 onwards leading to decrease in Interest payment to Revenue Receipt by 2.16 *per cent* over 2020-21;
- Increase in the ratio of debt repayment to debt receipt to 40.65 from 35.65 in 2020-21 leading to decrease in availability of net debt by ₹ 4,905 crore (28.23 *per cent*).

Repayment of Principal and Interest of the outstanding debt stock on the present debt liabilities in the next 10 years from 2021-22 has been shown in **Table 2.34** and the outgo on account of repayment of outstanding Public debt from 2021-22 to 2031-32 has been shown in **Chart 2.12**.

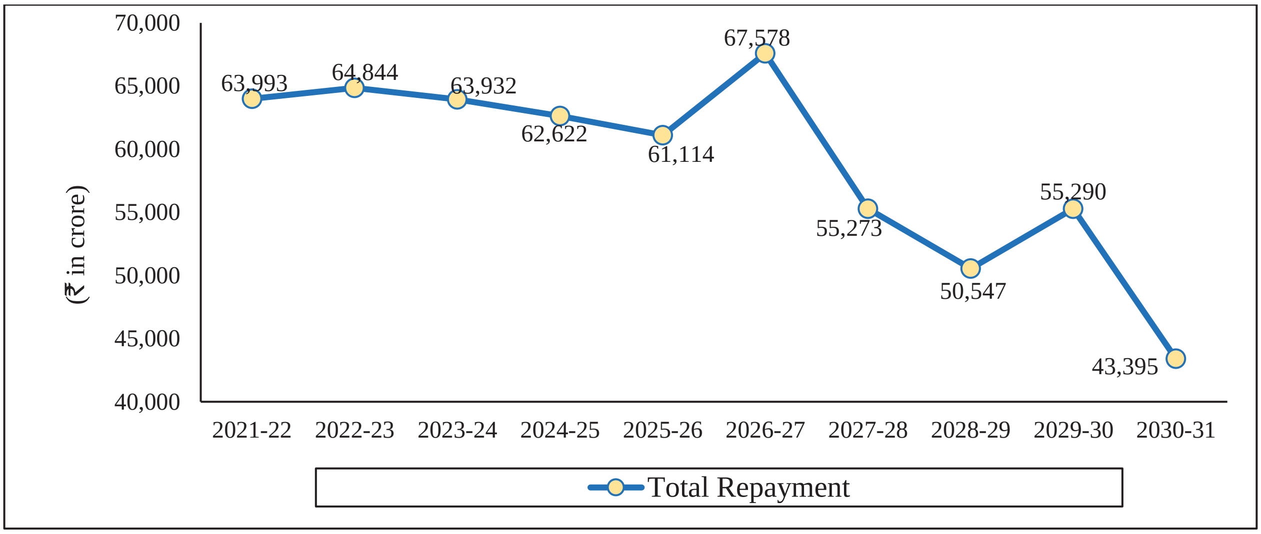
Table 2.34: Component wise Public debt trends

Year	Repayment of		
	Principal	Interest	Total
	(₹ in crore)		
2021-22	30,532	33,461	63,993
2022-23	29,158	35,686	64,844
2023-24	28,778	35,154	63,932
2024-25	30,092	32,530	62,622
2025-26	31,112	30,002	61,114
2026-27	40,134	27,444	67,578
2027-28	30,805	24,468	55,273
2028-29	28,785	21,762	50,547
2029-30	35,722	19,568	55,290
2030-31	26,608	16,787	43,395
Total	**3,11,726**	**2,76,862**	**5,88,588**

Source: Finance Department, Government of West Bengal

[45] Debt multiplied by rate spread (GSDP growth rate minus interest rate)

Chart 2.12: Repayment schedule of Outstanding Public Debt during 2021-31



Source: Finance Department, Government of West Bengal

In the ensuing ten years from 2021-22, the State will have to repay ₹ 5,88,588 crore of outstanding debt with the outgo on account of principal and interest being ₹ 3,11,726 crore and ₹ 2,76,862 crore, respectively. Outgo on account of repayment of outstanding debt along with interest may go up further given the trend of increased tendency in the State's borrowing requirements in the last five years, as shown in **Table 2.38**. An increasing trend of further borrowings, in the ensuing years, cannot be ruled out, which may result in increased outgo on account of interest payment and principal repayment, which may be much more than the figures indicated above.

2.12.4 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing in future years. **Table 2.35** shows the debt maturity profile in the coming years.

Table 2.35: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	19,172	4.08
2 – 3	46,244	9.83
4 – 5	59,549	12.66
6 – 7	52,696	11.20
8 and above	2,14,719	45.66
Others[46]	77,908	16.57
Total	**4,70,288**	**100.00**

Source: Finance Accounts

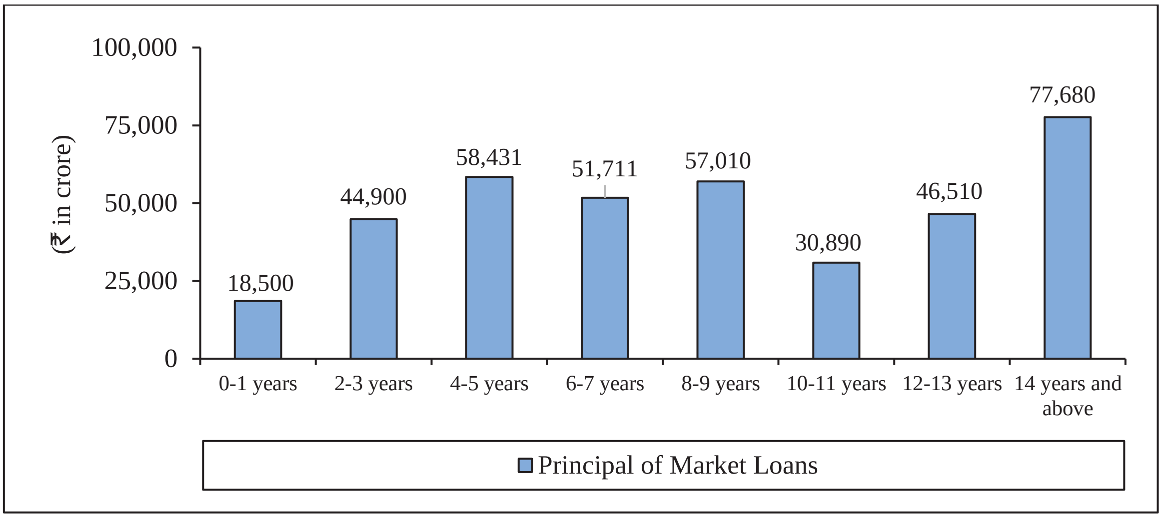
In the ensuing five and seven years, debt maturity will be 26.57 and 37.77 *per cent* respectively of total outstanding debt. Debt maturity would be much higher in the coming years given the fact that maturity details for ₹ 57,234 crore

[46] Payment schedule of this amount is not being maintained by the Accountant General (A&E)

(12.17 *per cent* of total debt) are not available. State Government has to mobilise additional revenue resources and formulate a well thought out debt strategy to meet this debt burden. Unless there is a definite plan to meet this liability, the resources available for development will shrink further.

Chart 2.13 represents the schedule of principal repayment of market loans.

Chart 2.13: Principal repayment schedule of market loans



Source: Finance Accounts

Market loans formed a significant portion of the debt repayments. By March 2035, the State would have to repay the principal of market loans amounting to ₹ 3,07,952 crore. At the end of the first, third, fifth and seventh years, the principal repayment of market loans would be ₹ 18,500 crore, ₹ 63,400 crore, ₹ 1,21,831 crore and ₹ 1,73,542 crore respectively.

2.12.5 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 2021-22 at four *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 that GoWB repaid off-budget borrowing amounting ₹ 1,212 crore which was raised through nine State Public Sector Undertakings and Autonomous Bodies by means of Cash Credit Loan (CCL) upto 2021-22 (**Table 2.36**) for implementation of Government schemes. 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 2.36: Details of repayment of off-budget borrowing during 2021-22

Sl. No.	Loans raised by	Department involved	Loans raised for	Principal repaid	Interest paid	Total repayment during the year
				(₹ in crore)		
1.	Swasthya Sathi Samiti	Health & Family Welfare	Swasthya Sathi Scheme	171.95	3.46	175.41
2.	West Bengal State Seed Corporation Ltd.	Agriculture	Crop Insurance Coverage to farmers under Bangla Shashya Bima Yojana (BSBY)	0	7.92	7.92
			Farmers' Old age pension (FOAP) under Jai Bangla Scheme 2020	62.83	0.19	63.02
3.	West Bengal Comprehensive Area Development Corporation	Panchayat & Rural Development	Jai Bangla Scheme 2020	396.61	10.92	407.53
4.	West Bengal Women Development Undertaking	Women Child Development and Social Welfare	Kanyashree	370.69	4.17	374.86
			Rupashree	126.43	1.66	128.09
			Jai Bangla Scheme 2020	3.56	6.35	9.91
5.	BENFED	Agriculture Marketing and Food & Supplies	Potato Procurement 2010	7.18	2.87	10.05
	CONFED			3.98	2.97	6.95
	WBECSC			22.90	5.31	28.21
	Total			**1,166.13**	**45.82**	**1,211.95**

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

Against the principal repayment (₹ 1,166 crore) of CCL, ₹ 1,151 crore and ₹ 15 crore respectively were repaid through Grants-in-aid and subsidy, as mentioned in **Para 2.8.2**. Similarly, against the interest repayment (₹ 46 crore) of CCL, ₹ 45 crore and ₹ 1 crore, respectively were repaid through Grants-in-aid and subsidy, as mentioned in **Para 2.8.5.** Thus, the repayment of borrowings of the above seven entities were direct liabilities of the State Government despite being raised through off-budget route.

Further, it was noticed during audit scrutiny that at the end of 2021-22, repayment of ₹ 36 crore towards principal was due upto March 2022 from two entities (BENFED[47]: ₹ 21 crore and CONFED[48]: ₹ 15 crore). Thus, the overall outstanding debt (₹ 5,36,478 crore) of the State would increase by ₹ 36 crore to ₹ 5,36,514 crore. Interest, estimated at ₹ 7 crore (BENFED: ₹ 4 crore and CONFED: ₹ 3 crore), was also pending from these entities. Exhaustive position of outstanding liability could not be arrived at since the State Government did not disclose the off-budget liabilities in their budget documents/ annual financial statements. Consequently, the actual impact on the overall outstanding debt and its comparison vis-à-vis the GSDP remained unassessed.

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.

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.

2.12.6 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 & capital expenditure and loans & advances over revenue and non-debt receipts. The composition and financing of fiscal deficit for the period from 2017-18 to 2021-22 has been shown in **Table 2.37**.

Table 2.37: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Composition of Fiscal Deficit		**28,930**	**33,485**	**36,831**	**44,688**	**50,528**
1	Revenue Deficit	9,807	10,399	19,661	29,527	32,000
2	Net Capital Expenditure	19,368	23,025	15,971	13,034	17,484
3	Net Loans and Advances	(-)245	61	1,199	2,127	1,044
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	25,304	30,431	40,882	50,180	45,199
2	Loans from GOI	1,024	125	886	4,986	7,193
3	Special Securities issued to NSSF	(-)5,976	(-)6,125	(-)6,340	(-)6,340	(-)6,340
4	Loans from Financial Institutions	380	(-)20	(-)143	(-)287	(-)11
5	Small Savings, PF, etc.	1,164	1,128	1,593	2,288	1,919
6	Deposits and Advances	2,607	5,712	2,656	1,066	2,137
7	Suspense and Miscellaneous	1,634	(-)1,433	3,848	(-)192	(-)332
8	Remittances	5	2	(-)14	(-)1	13
9	Reserve Fund	(-)845	2,414	1,532	(-)436	1,158
10	Contingency Fund	(-)1	(-)1	(-)11	5	(-)52
11	**Overall Deficit**	**25,296**	**32,233**	**44,889**	**51,269**	**50,884**

[47] West Bengal State Co-operative Marketing Federation Limited
[48] West Bengal State Consumers' Co-operative Federation Limited

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
12	Increase (-)/ Decrease (+) in cash balance	3,634	1,252	(-)8,058	(-)6,581	(-)356
13	**Fiscal Deficit**	**28,930**	**33,485**	**36,831**	**44,688**	**50,528**

Source: Finance Accounts

Fiscal Deficit (FD), in quantitative terms increased over the previous year by ₹ 5,840 crore (13.07 *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. However, in 2021-22, ₹ 17,484 crore was the capital expenditure. Thus, there is a need to augment the capital expenditure in order to accelerate growth and promote equitable growth. Increase in the ratio of Net Capital expenditure to FD from 29.17 *per cent* in 2020-21 to 34.60 *per cent* indicates that creation of productive assets from the FD was higher in the current year though it remained much lower compared to the ratios of 66.95 and 68.76 *per cent* in 2017-18 and 2018-19 respectively.

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 (70.80 *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. Using borrowed funds for meeting current consumption and repayment of interest on outstanding debt is not sustainable.

During 2021-22, major component of borrowings continued to be the Market borrowings and Loans from GoI. Further, the Fiscal Deficit (₹ 50,528 crore) which comprises Revenue Deficit (63.33 *per cent*), Net Capital Expenditure (34.60 *per cent*) and Net Loans and Advances (2.07 *per cent*) in 2021-22, was financed from net Market borrowings and net Loans from GoI to the extent of 96.44 *per cent*. Further, 38.68 and 2.31 *per cent* of the net inflow from market borrowings was used to finance net Capital Expenditure and net Loans & Advances respectively.

2.13 Utilisation of Borrowed Funds

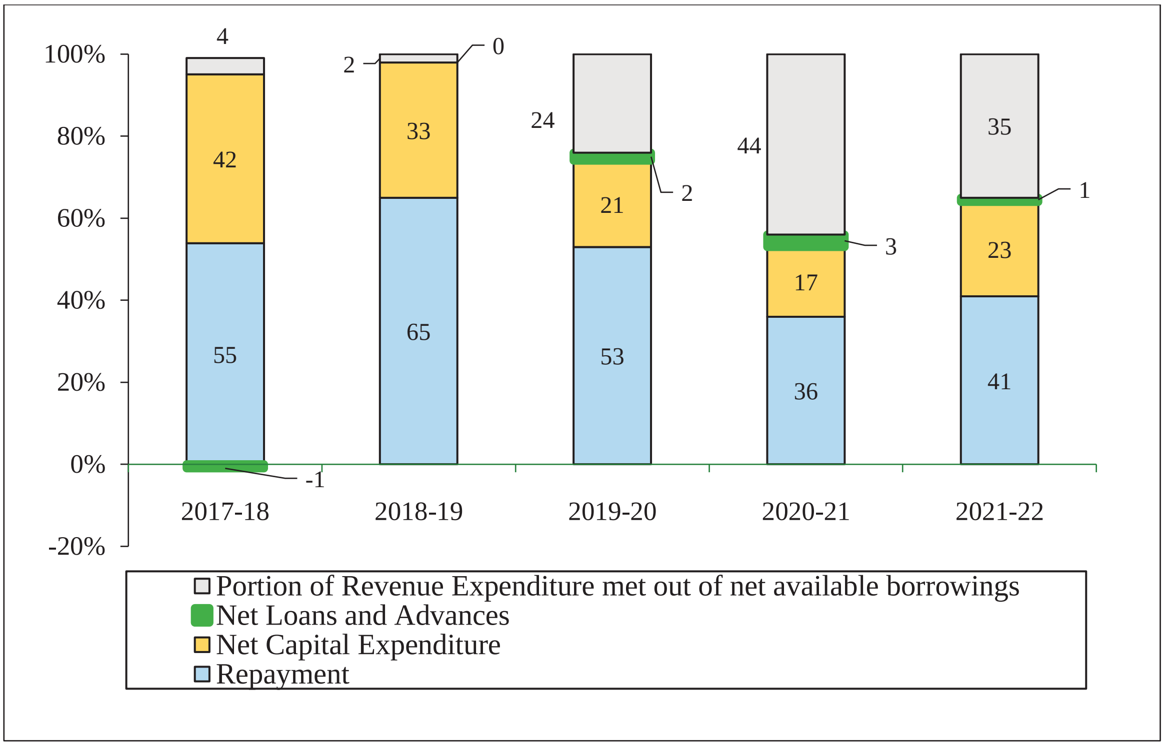
Borrowed funds should ideally be used for capital creation and developmental activities. Utilisation of borrowed funds and trends of its utilisation during 2017-22 have been shown in **Table 2.38** and **Chart 2.14** respectively.

Table 2.38: Utilisation of borrowed funds

Year	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Total Borrowings* (1)	45,743	70,197	75,699	75,429	77,581
Repayment of earlier borrowings (Principal)# (2)	25,011	45,786	40,413	26,889	31,540
Net capital expenditure (3)	19,368	23,025	15,971	13,034	17,484
Net loans and advances (4)	(-)245	61	1,200	2,127	1,044
Portion of Revenue expenditure met out of net available borrowings (5) = (1-2-3-4)	1,609	1,325	18,115	33,379	27,513

Source: Finance Accounts
**Represents total Public Debt Receipts during the year;*
#Represents total Public Debt Repayments during the year
Note: During 2021-22, Revenue Expenditure (RE) of ₹ 2,008 crore was incorrectly booked as Capital Expenditure (CE). Hence, net capital expenditure of ₹ 17,484 crore would be changed to ₹ 15,476 crore. On the contrary, portion of RE met out of net available borrowings would be changed to ₹ 29,521 crore owing to this misclassification

Chart 2.14: Trends of Utilisation of borrowed funds



Source: Finance Accounts

As can be seen from **Chart 2.14** 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 increased to 41 *per cent* which led to decrease in portion of revenue expenditure met out of borrowings to 35 *per cent* from 44 *per cent* in 2020-21. Nevertheless, utilisation of borrowed funds on revenue expenditure, capital expenditure and disbursement of loans and advances being 59 *per cent* in the current year still remained less than 64 *per cent* in 2020-21.

As is evident from the above chart, the State could utilise only 23 *per cent* (₹ 17,484 crore) of the borrowed funds for net capital expenditure during 2021-22 which represented a decline from the range of 33 to 42 *per cent* during 2017-19. Utilisation of borrowed funds for meeting commitment on net loans and advances in the current year was only one *per cent* (₹ 1,044 crore).

Apart from meeting its capital expenditure and repayments, as outlined above, the State utilised ₹ 27,513 crore (35 *per cent*) for discharging its Interest payment liabilities which represented around 75 *per cent* of total interest payment (₹ 36,672 crore). Thereby, commitments on account of repayments (Principal plus Interest) were ₹ 59,053 crore which was about 76 *per cent* of the total borrowings. Utilisation of borrowed funds for meeting repayment of borrowings is not sustainable.

Prudential borrowing norms suggest that borrowed funds should be deployed in such a manner that return from deployment of borrowed funds is more than borrowing cost of debt to be sustainable. It is, therefore, essential that there should be a policy framework for deployment of borrowed funds keeping in mind the cost of borrowing and potential increase in income.

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. WBCGA[49] 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 (₹ 7,821 crore) (**Table 2.39**) at the beginning of 2021-22 stood at 5.47 *per cent* of the total Revenue Receipts of the second preceding year (₹ 1,42,914 crore in 2019-20) and was thus well within the ceiling of the WBCGA.

Table 2.39: Guarantees given by the State Government

(₹ in crore)

Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	98,759	1,06,049	1,18,143	1,31,378	1,28,623
Maximum amount guaranteed	15,034	16,050	14,228	15,292	15,129
Outstanding amount of guarantees including interest	8,570	6,603	8,212	7,821	16,885

Source: Finance Accounts

[49] West Bengal Ceiling on Government Guarantee Act

The outstanding guarantees including interest amounting to ₹ 16,885 crore at the end of the year 2021-22 included guarantees extended to 28 institutions/ companies under various sectors[50].

GoWB introduced (August 2021) the 'Students Credit Card scheme' enabling students of West Bengal to pursue academic, professional, and competitive education without having any financial constraints. Under this Scheme, for any loan availed under this Credit Card, a student can obtain a maximum loan of ₹ 10 lakh at the rate of four per cent per annum simple interest from the State Cooperative Bank and Public/Private Sector Banks having repayment period of 15 years. Accordingly, MOAs[51] were executed (December 2021) between GoWB and the Banks. During 2021-22, education loan disbursed to 6,780 students stood at ₹ 72.74 crore. However, Guarantee Statement as mentioned in Budget Publication No. 6 of 2022-23 showed that the Government did not provide guarantee of ₹ 72.74 crore in respect of Students' credit card loan. Resultantly, maximum amount of guarantee (₹ 15,129 crore) as mentioned in the Finance Accounts remained understated by ₹ 72.74 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 institutions, were required to pay guarantee commission at the rate of one *per cent* (minimum) on the total amounts guaranteed. In the current year, State Government did not receive any guarantee commission against the receivable of ₹ 150 crore.

Short receipt of guarantee commission understated the revenue receipts by ₹ 150 crore.

During test-check, of the status of un-paid guarantee commissions of power utilities, the following were noticed:

- DPL stated that guarantee commission of ₹ 94.06 crore at the end of 2021-22 could not be made by the company due to acute financial crisis; and

- WBPDCL attributed shortage of cash flows for their inability to pay the outstanding guarantee commission of ₹ 55.59 crore at the end of 2021-22.

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

[50] Power (₹ 8,681 crore against 8 guarantees), Finance (₹ 4,950 crore against 9 guarantees), Food & Supplies (₹ 2,000 crore against 2 guarantees), Cooperation (₹ 1,146 crore against 3 guarantees), Backward Classes Welfare (₹ 94 crore against 5 guarantees) and Tribal Development (₹ 14 crore against 1 guarantee)

[51] Memorandum of Agreements

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 2021-22 is shown in **Table 2.40**.

Table 2.40: Cash Balances and their investment

(₹ in crore)

Particulars	Opening balance on 1 April 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Cash in treasuries	0.05	0.14
Deposits with Reserve Bank of India	(-)20.37	6.90
Total	**(-)20.32**	**7.04**
Investments held in Cash Balance investment account	21,237.69	20,359.69
Total (A)	**21,217.37**	**20,366.73**
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	2.64	2.65
Investment in earmarked funds	11,026.29	12,233.16
Total (B)	**11,028.57**	**12,235.45**
Total (A + B)	**32,245.94**	**32,602.18**
Interest realised	62.87	95.34

Source: Finance Accounts

Cash balance of the State Government at the end of the current year increased significantly by ₹ 356 crore (1.10 *per cent*) from ₹ 32,246 crore in 2020-21 to ₹ 32,602 crore in 2021-22. This was mainly due to increase in investment in earmarked funds by ₹ 1,207 crore offset by decrease in cash balance investments by ₹ 878 crore. The State Government earned an interest of ₹ 95 crore on these investments during 2021-22.

Out of the investment of ₹ 12,233 crore in earmarked funds, ₹ 11,102 crore was invested in the CSF, ₹ 748 crore in GRF and ₹ 383 crore in SDRF at the end of the year.

The cash balance investments of the State during the five-year period 2017-18 to 2021-22 are given in **Table 2.41** below.

Table 2.41: Cash Balance Investment Account (Major Head-8673)

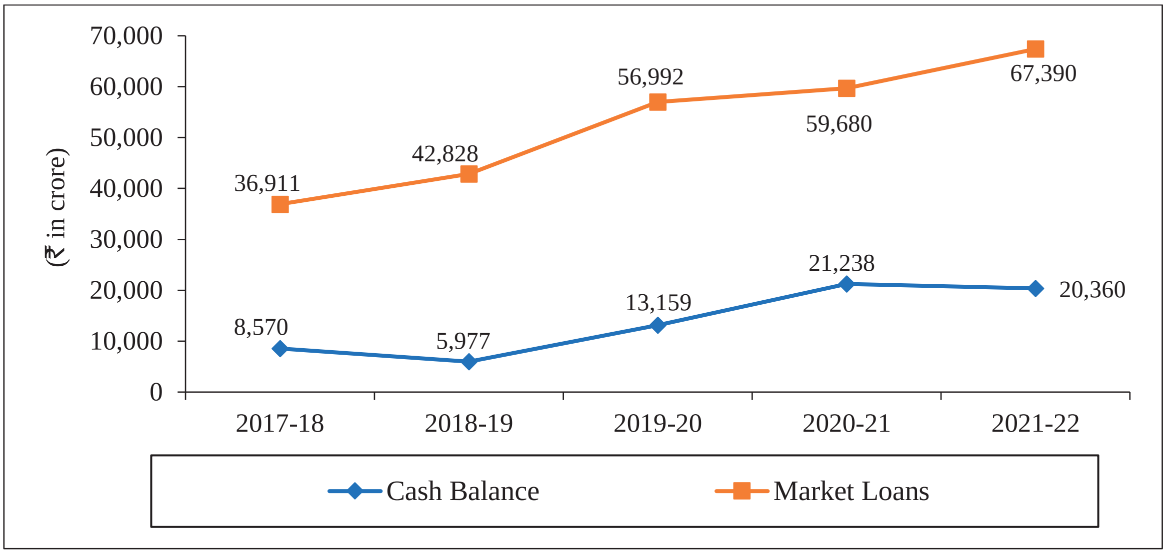
Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
	(₹ in crore)			
2017-18	12,546	8,570	(-)3,976	364.75
2018-19	8,570	5,977	(-)2,593	164.84
2019-20	5,977	13,159	7,182	97.33
2020-21	13,159	21,238	8,079	62.87
2021-22	21,238	20,360	(-)878	95.34

Source: Finance Accounts

Trend analysis of the cash balance investment of the State Government during 2017-22 revealed that investment increased significantly in 2020-21 and further decreased to ₹ 20,360 crore in 2021-22 and stood at 6.11 *per cent* of the State budget (₹ 3,32,961 crore). 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 2.15 compares the balances available in the cash balance investment account and the market loans taken by the State during 2017-22. Market loans were taken at higher interest rates whereas investment in treasury bills yielded interests at lower rates.

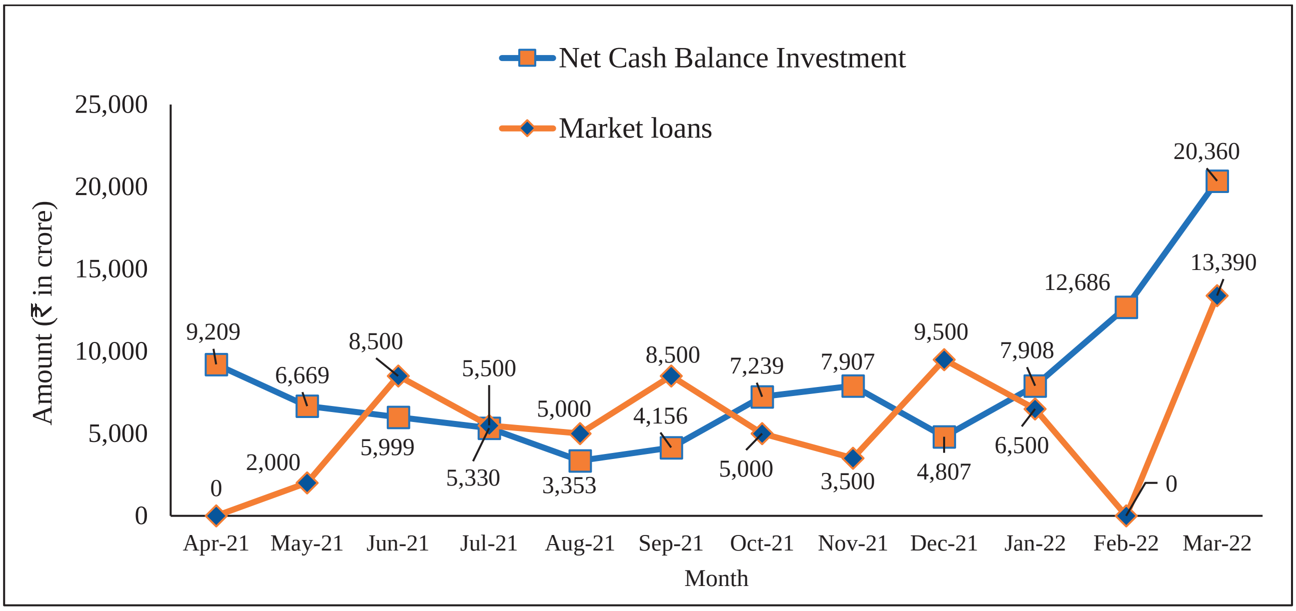
Chart 2.15: Market loans raised *vis-à-vis* Investments held in Cash Balance Investment Accounts



Source: Finance Accounts

Chart 2.16 compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

Chart 2.16: Month wise movement of Cash Balances Investment account and market loans during 2021-22



Source: Finance Accounts 2021-22 and figures given by the O/o The Principal Accountant General (A&E), West Bengal

Chart 2.16 indicates that the State Government had taken recourse to market loans during the months of May, October, November, January and March during the current fiscal despite having sufficient cash balances. Thus, borrowings could have been avoided to the extent of availability of balances in the cash balance investment.

2.15 Conclusion

Positive Indicators	Parameters requiring close watch
Share of Capital Expenditure in the Total Expenditure increased to 7.64 *per cent* from 6.75 *per cent* in 2020-21.	Interest payments relative to Revenue Receipts, at 20.58 *per cent*, crossed the target of 17.49 *per cent* set out in the FPSS presented with the budget as per WBFRBM Act.
Revenue Deficit to GSDP decreased to 2.08 *per cent* from 2.27 *per cent* in 2020-21.	Percentage of Debt Repayment to Debt Receipts increased to 40.65 from 35.65 in 2020-21.
Fiscal Deficit to GSDP decreased to 3.29 *per cent* from 3.43 *per cent* in 2020-21.	Recovery of loans and advances from Statutory Corporations, Government Companies and Autonomous Bodies, decreased to ₹ 58 crore in 2021-22 from ₹ 150 crore in 2020-21. Further, interest received from these entities also decreased from ₹ 1,031 crore in 2017-18 to ₹ 97 crore in the current year despite increase in outstanding loans from ₹ 12,718 crore to ₹ 17,150 crore in the aforesaid period.

Positive Indicators	Parameters requiring close watch
Debt to GSDP decreased to 34.49 *per cent* from 37.05 *per cent* in 2020-21.	
Committed expenditure to Revenue Receipts decreased to 68.89 *per cent* from 75.36 *per cent* in 2020-21.	

2.16 Recommendations

1. *Capital expenditure needs to be increased significantly for infrastructure creation to provide stimulus for economic growth.*
2. *In view of the increasing growth rate of its public debt, the State Government may make efforts to augment its own Revenues and reduce its Revenue Expenditure so as to avoid pressure on repayment of Public Debt and interest liabilities on Public Debt in forthcoming years.*
3. *The State Government may keep the cash balance position in mind while taking any decision on raising market loans.*

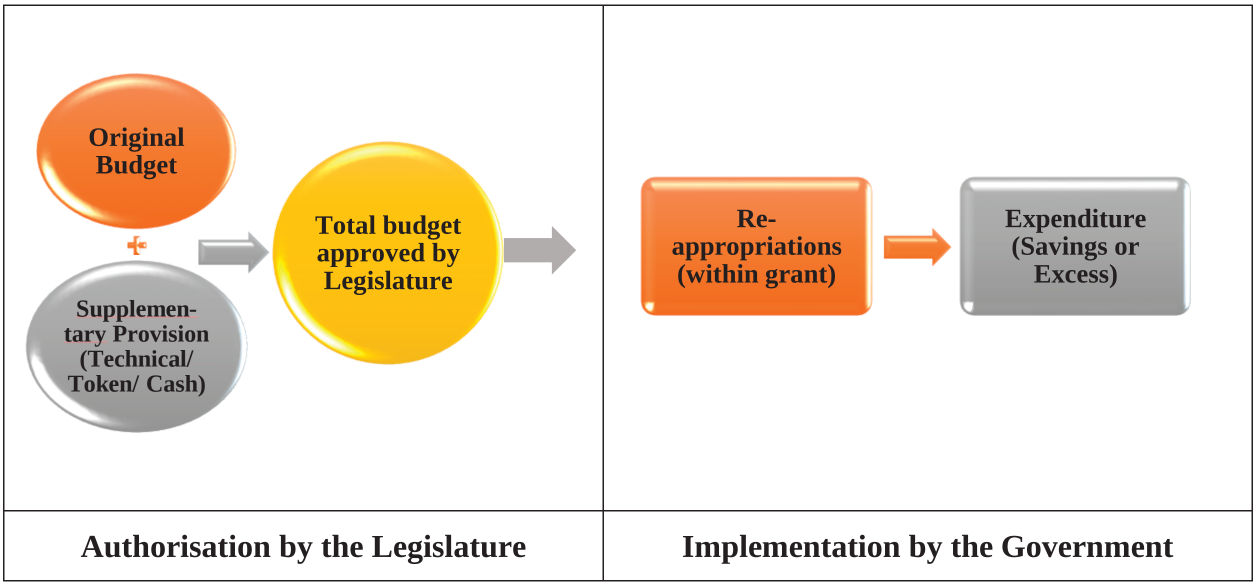
CHAPTER III

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 2021-22

	Total Budget Provision		Disbursements		Saving		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
	(₹ in crore)							
Revenue	1,96,483	38,046	1,75,407	37,031	25,291	1,117	4,215	102
Capital	36,840	61,592	19,066	31,579	17,882	30,013	108	0
Total	**2,33,323**	**99,638**	**1,94,473**	**68,610**	**43,173**	**31,130**	**4,323**	**102**

Source: Appropriation Accounts

Analysis of the budget provision, disbursements and savings/ excess during 2021-22 revealed that:

- Revenue (Voted) section had savings of 12.87 *per cent* (₹ 25,291 crore) in respect of 51 grants. This was mainly due to savings of ₹ 4,324 crore and ₹ 4,194 crore in Grant No. 15-School Education and 40-Panchayats and Rural Development respectively which represented savings of 12.31 and 19.57 *per cent* under those sections.

  Major schemes impacted due to savings were (i) 'National Programme of Nutritional Support to Primary Education (Mid-Day Meal) (Central Share)' (₹ 531 crore; 37.82 *per cent* savings of BP) and (ii) 'Provision for incentive to the development of Elementary Education' (₹ 547 crore; 91.17 *per cent* savings of BP) under Grant No. 15 and (iii) Pradhan Mantri Awas Yojana – Rural (erstwhile Indira Awas Yojana -Central Share) (₹ 2,512 crore; 78.85 *per cent* savings of BP) and (iv) Indira Awas Yojana (Central Share) (₹ 650 crore; 100 *per cent* savings of BP) under Grant No. 40.

- Revenue (Charged) section had savings of 2.94 *per cent* (₹ 1,117 crore) in respect of 18 grants. This was mainly due to savings of ₹ 975 crore in Grant No. 18-Finance. Major scheme which contributed to savings under this grant was 'Provident Fund Deposits of Employees (₹ 453 crore)' which represented 25.17 *per cent* savings of the BP.

- Capital (Voted) section had savings of 48.54 *per cent* (₹ 17,882 crore) in respect of 48 grants. This was mainly due to savings of ₹ 2,669 crore in Grant No. 72-Urban Development and Municipal Affairs (UD&MA) which accounted for 54.35 *per cent* of the savings under this section. Major schemes contributed to savings were (i) 'Development/Construction schemes for all the Development Authorities' (68.07 *per cent* savings of BP: ₹ 600 crore) and (ii) 'Kolkata Metropolitan Development Authority' (52.27 *per cent* savings of BP: ₹ 748 crore).

- Capital (Charged) section had savings of 48.73 *per cent* (₹ 30,013 crore) in respect of 15 grants. This was mainly due to savings of ₹ 29,964 crore in Grant No. 18-Finance which accounted for 48.80 *per cent* of the savings under this section. The major contributing schemes were (i) 'WMA from the RBI – Normal' (100 *per cent* savings of BP: ₹ 8,000 crore) and (ii) 'WMA from the RBI – Special' (98.86 *per cent* savings of BP: ₹ 17,000 crore).

- Revenue (Voted) section had excess of 2.15 *per cent* (₹ 4,215 crore) in respect of six grants. This was mainly due to excess of ₹ 3,894 crore in Grant No. 18-Finance which accounted for 16.18 *per cent* of the excess under this section. The scheme which represented major excess (₹ 2,084 crore) in this grant was 'Other pensions' (27.30 *per cent* excess of BP: ₹ 7,635 crore).

- Revenue (Charged) section had excess of 0.27 *per cent* (₹ 101.86 crore) in respect of two grants. This was owing to expenditure of ₹ 101.56 crore without any budget provision for 'Interest on State Disaster Response Fund', under Grant No. 73 - Disaster Management and Civil Defence.

- Capital (Voted) section had excess of 0.29 *per cent* (₹ 108 crore) in respect of three grants. This was mainly due to excess of ₹ 76 crore in Grant No. 43-Power against "Implementation of the scheme Sech Bandhu" of ₹ 22 crore, where there was no budget provision.

3.1.2 Charged and Voted disbursements

Charged and Voted expenditure during 2017-22 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)					
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
2021-22	1,94,473	68,610	38,850	31,028	Nil	Nil

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

During 2017-22, the net savings under the voted section ranged from ₹ 11,324 crore (6.76 *per cent*) to ₹ 38,850 crore (16.65 *per cent*) while the net savings under the charged section ranged between ₹ 12,358 crore (14.60 *per cent)* and ₹ 31,028 crore (31.14 *per cent*) except in 2018-19, where the net excess stood at ₹ 2,818 crore (3.89 *per cent*). Reasons for savings/excess have been explained below.

Savings of ₹ 2,544 crore in 'Sarva Shiksha Abhiyan under Grant No. 15', ₹ 438 crore in 'Nirmal Bharat Abhiyan' under Grant No. 40', ₹ 3,053 crore in 'Supply of rice to APL/BPL families in the TPDS at subsidised rate' under Grant No. 21 and ₹ 1,732 crore in 'MGNREGA (Central Share) under Grant No. 40' during 2017-18, 2018-19, 2019-20 and 2020-21 respectively were the attributable reasons for net savings under the voted section.

In the current year, savings in the following schemes contributed to the savings in the voted section.

- 'Provision for incentive to the development of Elementary Education' (savings: ₹ 547 crore; 91.17 *per cent*) under Grant No. 15- School Education;

- 'Pradhan Mantri Awas Yojna – Rural (erstwhile Indira Awas Yojna - Central Share)' (savings: ₹ 2,512 crore; 78.50 *per cent*) under Grant No. 40- Panchayats and Rural Development.

Major savings in the charged section occurred due to savings of ₹ 18,585 crore in 2017-18 in the scheme 'Ways and Means Advances from the RBI-Special' and savings of ₹ 2,215 crore in 2019-20 in the scheme 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' under Grant No. 18-Finance. In 2020-21 also, major savings in this section was largely driven by Finance Department in the 'Ways and Means Advances from the RBI-Special' (₹ 10,610 crore) and in 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' (₹ 2,400 crore). In the current year also, high percentage of savings in this section was largely driven by Finance Department (₹ 30,939 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 ₹ 193 crore leading to savings of ₹ 16,807 crore.
- In the scheme 'Provident Fund Deposits of Employees', against the budget provision of ₹ 1,800 crore, expenditure was ₹ 1,347 crore leading to savings of ₹ 453 crore.

During 2018-19, excess in Charged section was owing to excess of ₹ 824 crore and ₹ 725 crore respectively in the schemes 'Ways and Means Advances from the RBI –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. Again, as per Para 14 of the West Bengal Budget Manual, 'Expenditure for which no provision has been made in Budget Estimate of the current year should rarely, if ever, be incurred'. Further, as per Memorandum dated 26 May 1981, issued by the Finance Department, which lays down the criteria for treating an expenditure as a New Service/ New Instrument of Service, also emphasized that such expenditure should not be incurred without obtaining specific approval of the Legislature in the form of Supplementary Demands for Grants.

Thus, 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. In 68 new schemes under 19 head of accounts covering 16 grants, ₹ 550.62 crore was incurred without budget provision (**Table 3.3**).

Table 3.3: Summary of Expenditure without Budget Provision

Grant/ Appropriation	Heads of Account	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
5	2401	3.67	3
	2402	2.19	2
	2515	2.92	6
6	2403	3.39	1
7	2225	107.69	3
15	4202	37.48	3
18	2049	22.80	7
21	3456	0.10	1
	4408	4.76	1
23	2406	11.09	8
24	2210	63.12	8
	4210	2.68	1
38	2225	19.54	1
40	2235	56.70	4
	2501	0.28	2
51	2230	1.90	3
52	3452	0.53	1
65	2225	9.13	1
68	2055	0.28	1
73	2049	101.56	1
	2245	57.08	1
74	2235	32.84	8
	4235	8.89	1
Total		**550.62**	**68**

Source: Appropriation Accounts

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

- Interest on SDRF (₹ 101.56 crore) and Scheme under Disaster Mitigation Fund (20% of SDRMF) (₹ 57.08 crore) under Grant No. 73- Disaster Management & Civil Defence; and

- Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM AJAY) (Central Share) (OCASPS) [SC] (₹ 100.00 crore) under Grant No. 7- Backward Classes Welfare.

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

3.3.2 Misclassification of revenue expenditure as capital expenditure

Misclassification of expenditure and receipts has significant impact on the integrity of the financial statements.

Audit noticed that ₹ 2,007.89 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.	Conversion of decommissioned aircraft TU-142M into Museum at Kolkata (phase-I)	4217	2217	1.51
2.	Implementation of the schemes under AMRUT & grants therefor given to different municipalities for several developmental schemes	4217	2217	497.52
3.	Construction of 500 No of houses (House of Joy) at Darjeeling for Paharia Minority Community	4235	2235	5.00
4.	Construction of seven no. of water supply project under JNNURM in Bhadreswar Municipal Area	4217	2217	10.11
5.	Widening, strengthening, repairing of bituminous roads in Digha Shankarpur Development Authority	4217	2217	17.56
6.	Release of fund for construction of High Voltage Distribution System in several districts	4801	2801	681.25
7.	Expenditure on KEIP, Development of Municipal Areas, Water Supply Scheme of Urban Local Bodies	4217	2217	349.53
8.	Expenditure for construction of Graveyard, Idgah, etc.	4225	2225	47.10
9.	Repairing Work under Highway Division No. I, in the District of Murshidabad	5054	3054	0.79
10.	Expenditure on Administration of Justice – Civil & Session Courts and High Court	4059	2059	0.68
11.	Expenditure on ADMIP-Project Management & Institutional Development	4702	2702	0.06
12.	Expenditure on construction/renovation/major repairs of State Youth Hostel	4202	2202	0.16
13.	Expenditure for creation of new attraction for tourism and development of new projects	5452	3452	3.03
14.	Expenditure for development of Aliah University	4225	2225	0.69
15.	Expenditure for development of Municipal Areas (Municipalities)	4217	2217	22.66
16.	Expenditure for development of State Roads & Bridges by West Bengal Compensatory Entry Tax Fund (WBCETF)	5054	3054	0.08
17.	Expenditure for District, Sub-Division and other Urban Hospitals	4210	2210	4.26

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
18.	Expenditure for Green City Mission	4217	2217	0.11
19.	Expenditure for I.T Investment	5054	3054	2.36
20.	Expenditure for implementation of RIDF Projects	4515	2515	6.69
21.	Expenditure for Kolkata Metropolitan Development Authority	4217	2217	160.79
22.	Expenditure for development and Welfare of Minorities	4235	2235	4.51
23.	Expenditure for setting up of Transfer and Transit Depots in District & Sub-divisional Headquarters and Kolkata	5055	3055	0.08
24.	Expenditure for Special Repair to flood damaged infrastructures	4711	2711	0.01
25.	Expenditure for Transporation operation improvement Programme, Road Safety, setting up of check posts	5055	3055	1.84
26.	Expenditure for West Bengal Accelerated Development and Minor Irrigation Project [WBADMIP] [Project Management], being funded by State	4702	2702	0.02
27.	Expenditure for the Schemes under RIDF & Integrated Power Development Scheme (IPDS) (State Share)	4801	2801	189.48
	Total			**2,007.89**

Source: Finance Accounts

Due to the above misclassifications, revenue deficit was understated by ₹ 2,007.89 crore as discussed in **Table 1.8** and **Para 2.9**. Of this amount, ₹ 1,562 crore was misclassified on account of violation of IGAS 2.

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 2021-22, are 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	Supple-mentary Provision	Total Provision	Actual Expendi-ture	Savings out of Provision
Revenue (Voted)						
1.	40-Panchayats and Rural Development	21,297.16	132.87	21,430.03	17,236.29	4,193.74
2.	71-Planning and Statistics	361.11	125.44	486.55	299.08	187.47

Sl. No.	Name of the Grant	Original provision	Supple-mentary Provision	Total Provision	Actual Expendi-ture	Savings out of Provision
3.	73-Disaster Management and Civil Defence	3,736.49	405.69	4,142.18	3,483.48	658.70
4.	74-Women & Child Development and Social Welfare	15,723.25	2,412.84	18,136.09	15,269.55	2,866.54
Total		**41,118.01**	**3,076.84**	**44,194.85**	**36,288.40**	**7,906.45**
Capital (Voted)						
5.	55-Water Resources Investigation & Development	945.76	140.60	1,086.36	471.87	614.49
Total		**945.76**	**140.60**	**1,086.36**	**471.87**	**614.49**
Capital (Charged)						
6.	18-Finance	60,993.71	403.67	61,397.38	31,433.68	29,963.70
Total		**60,993.71**	**403.67**	**61,397.38**	**31,433.68**	**29,963.70**
Grand Total		**1,03,057.48**	**3,621.11**	**1,06,678.59**	**68,193.95**	**38,484.64**

Source: Appropriation Accounts

It can be seen from **Table 3.5** that in all six cases, actual expenditure was less than the original provisions and hence the supplementary provisions were unnecessary. As can be seen further supplementary provisions of ₹ 3,077 crore, ₹ 141 crore and ₹ 404 crore proved unnecessary in respect of Revenue (Voted), Capital (Voted) and Capital (Charged) sections respectively. As actual expenditure was only 66.17 *per cent* of the original provision, there was no need to augment the fund through supplementary provision. Thus, the supplementary provision of ₹ 3,621 crore (3.51 *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 2021-22, there was re-appropriation amounting to ₹ 2,190 crore in respect of 553 sub-heads constituting 51 grants. However, despite re-appropriation, there were savings of ₹ 3,992 crore in respect of 436 sub-heads and excess of ₹ 3,140 crore in respect of 100 sub-heads. Audit scrutiny further revealed that there were 40 cases of savings (₹ 858.48 crore) and eight cases of excess expenditure (₹ 133.63 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 34 grants, re-appropriation amounting to ₹ 76 crore proved unnecessary in respect of 116 sub-heads.
- In 21 grants, re-appropriation amounting to ₹ 20 crore proved excessive in respect of 41 sub-heads.
- In 28 grants, re-appropriation amounting to ₹ 1,025 crore proved insufficient in respect of 87 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 2021-22, of the total savings of ₹ 74,302 crore, only ₹ 2,022 crore (2.72 *per cent* of savings) was surrendered leaving a balance of ₹ 72,280 crore. Again, of the surrendered amount, ₹ 1,013 crore (50.10 *per cent*) was surrendered on the last day of the financial year.

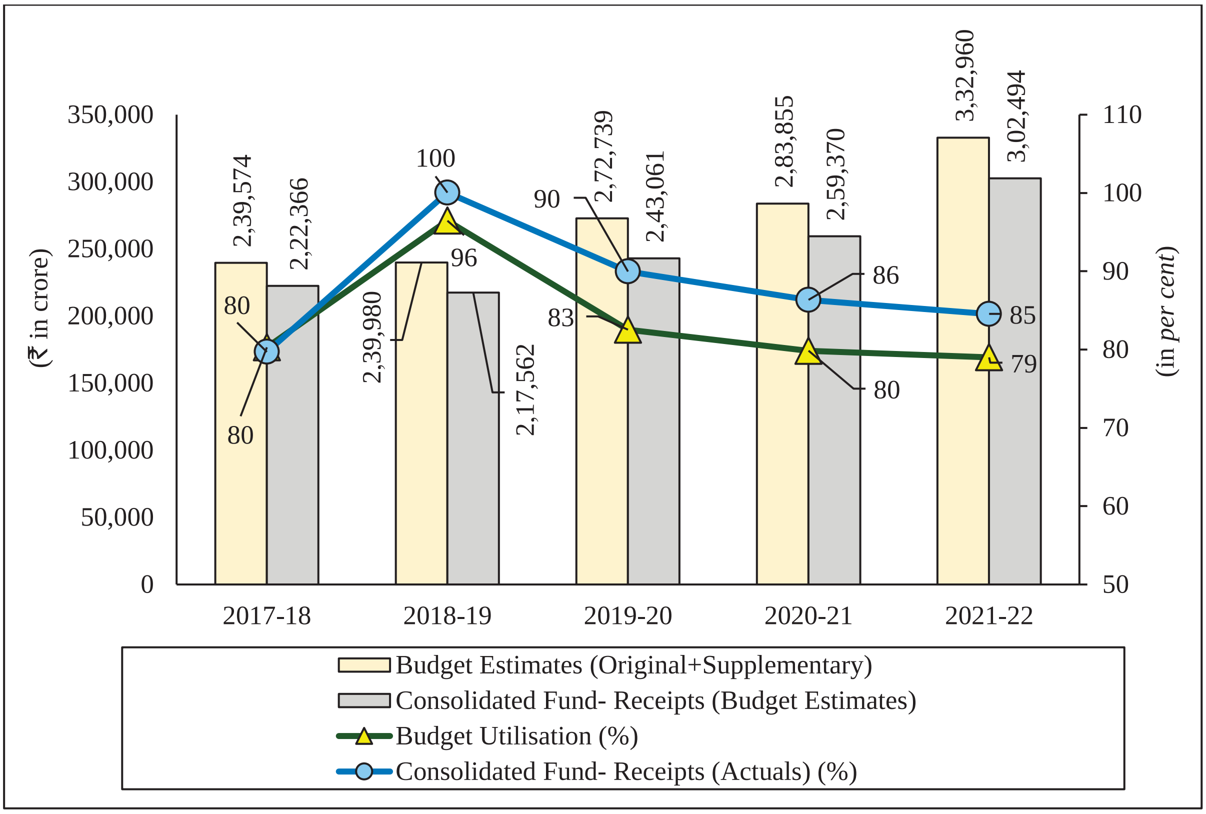
Out of savings of ₹ 60,011 crore in respect of 11 grants having total savings exceeding ₹ 1,000 crore, only ₹ 1,172 crore was surrendered (1.95 *per cent*) leaving a balance of ₹ 58,839 crore.

- In Grant No. 38 – Minority Affairs and Madrasah Education, under Revenue (Voted) section, the surrendered amount (₹ 387 crore) exceeded the savings (₹ 363 crore) by ₹ 24 crore (6.61 *per cent*).
- In Grant No. 68 – Home and Hill Affairs, under Revenue (Voted) section, the surrendered amount (₹ 269 crore) exceeded the savings (₹ 244 crore) by ₹ 25 crore (10.25 *per cent*).
- In Grant No. 7 – Backward Classes Welfare, under Revenue (Voted) section, ₹ 71 crore was surrendered despite excess expenditure of ₹ 92 crore.
- Again, in Grant No. 18 – Finance, under Revenue (Voted) section, ₹ 2 crore was surrendered despite excess expenditure of ₹ 3,894 crore.

Total un-surrendered savings (97.28 *per cent*) as well as excess surrender over savings and surrender in spite of excess expenditure were indicative of ineffective budgetary control.

Budget Utilisation and actuals with respect to Budgeted Receipts in Consolidated Fund during 2017-18 to 2021-22 has been shown in **Chart 3.1**.

Chart 3.1: Budget Utilisation w.r.t. Estimates and Actuals and Budgeted Receipts during 2017-18 to 2021-22



Source: Appropriation Accounts, Finance Accounts and Budget Publications

The budget utilisation was about 80 *per cent* than the estimations made in the budgets in last three years. The main reason was the inflated estimation of receipts. As the budget estimates for expenditure and receipts remained unachieved, it could be inferred that there was an obvious element of notional savings/surrenders.

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 2021-22 in 10 grants, excess expenditure of ₹ 4,425 crore over provisions is yet to be regularised (**Table 3.6).**

Table 3.6: Summary of excess disbursements over grants/appropriations during 2021-22

(₹ in crore)

Sl. No.	Grant number- Name of Department	Revenue		Capital		Total
		Voted	Charged	Voted	Charged	
1.	07-Backward Classes Welfare	91.63	-	-	-	91.63
2.	08-Cooperation	-	-	30.99	-	30.99
3.	18-Finance	3,894.21	-	-	-	3,894.21
4.	40-Panchayats and Rural Development	-	0.30	-	-	0.30
5.	43-Power	128.84	-	75.91	-	204.75
6.	45-Public Health Engineering	38.01	-	-	-	38.01
7.	61-Chief Minister's Office	0.21	-	-	-	0.21
8.	70-Higher Education	62.13	-	-	-	62.13
9.	73-Disaster Management and Civil Defence	-	101.56	-	-	101.56
10.	78-Non-Conventional and Renewable Energy Sources	-	-	0.97	-	0.97
Total		**4,215.03**	**101.86**	**107.87**	**-**	**4,424.76**

Source: Appropriation Accounts

3.3.7.1 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. In 51 grants, excess expenditure of ₹ 44,528 crore pertaining to the years 2009-21 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), recommended[52] 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 2009-21 as of September 2022.

The above instances indicate inadequate financial management on the part of the controlling officers.

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.

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

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 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 Expenditure and its impact on Revenue deficit is given in **Table 3.7**.

Table 3.7: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	1,072	4,734	322	1,114	1,562
Total Capital Expenditure	19,368	23,717	15,971	13,034	17,484
Share of GIA in Capital Expenditure (in *per cent*)	5.53	19.96	2.02	8.55	8.93
Impact on Revenue Deficit (RD) (-)/ Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	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.	RD (₹ 32,000 cr.) understated by ₹ 1,562 cr.

Source: Finance Accounts of respective years

Table 3.7 shows that due to booking of Grants-in-aid as Capital Expenditure ranging between ₹ 322 crore and ₹ 4,734 crore during 2017-22, 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 3.8**.

Table 3.8: 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
		(₹ in crore)						
		(A)	(B)	(C)=(A+B)	(D)	(E)=(C-D)	(F)	*(G)=(F/E)*100*
Voted	I. Revenue	1,82,887	13,596	1,96,483	1,75,407	21,076	914	4.34
	II. Capital	33,560	1,621	35,181	17,964	17,217	625	3.63
	III. Loans & Advances	1,474	185	1,659	1,102	557	482	86.54
Total		**2,17,921**	**15,402**	**2,33,323**	**1,94,473**	**38,850**	**2,021**	
Charged	I. Revenue	33,229	4,817	38,046	37,031	1,015	2	0.20
	II. Capital	16	61	77	39	38	0	0
	III. Public Debt-Repayment	61,043	472	61,515	31,540	29,975	0	0
Total		**94,288**	**5,350**	**99,638**	**68,610**	**31,028**	**2**	
Appropriation to Contingency Fund (if any)		**NIL**						
Grand Total		**3,12,209**	**20,752**	**3,32,961**	**2,63,083**	**69,878**	**2,023**	**2.90**

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

Table 3.8 shows that net savings (₹ 69,878 crore) were 20.99 *per cent* of the total provision. Out of the 7,146 schemes, variations in savings or excess occurred in 6,916 schemes (96.78 *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 2021-22, in 35 new schemes (₹100 crore or more) ₹ 11,343 crore was initially allotted which was further revised to ₹ 11,143 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 2021-22, in 44 grants constituting 261 sub-heads, entire expenditure was incurred in the month of March 2022. Out of this, in four grants constituting six sub-heads (₹ 200 crore and above), 100 *per cent* expenditure was incurred in the month of March 2022 (**Table 3.9**).

Table 3.9: Sub-Head (Schemes) where entire expenditure was incurred in March 2022 (₹ 200 crore and above)

Sl. No.	Grant No.	Head of Account (up to Sub-head)	100 *per cent* expenditure in March 2022 (₹ in crore)
1.	40	2505-01-702-002 Pradhan Mantri Awas Yojna - Rural (Erstwhile Indira Awas Yojna (Central Share) (OCASPS)[PN]	687.84
2.		2515-00-196-001 Assistance to Zilla Parishad for implementation of PMGSY Scheme	300.00
3.	72	2215-02-789-002 Swachh Bharat Mission (Urban) (Central Share) (OCASPS)-35-Grants for creation of Capital Assets	215.82
4.		2215-02-789-003 Swachh Bharat Mission (Urban) (State Share) (OCASPS)-35-Grants for creation of Capital Assets.	200.00
5.	21	2235-60-200-098 Duare Ration Prakalpa	209.47
6.	24	2210-03-103-004 Assistance for Diagnostic Infrastructure to Health Sub Centres / Primary Health Centres under recommendation of 15th Finance Commission	203.37

Source: VLC Data

Table 3.10 shows that in one grant more than 50 *per cent* of the total expenditure was incurred in the month of March 2022.

Table 3.10: Grant with more than 50 *per cent* of expenditure in March 2022 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	34.52	29.71	86.08

Source: VLC Data

3.5 Outcome of review of selected grants

To ascertain compliance with budgeting processes, utilisation of funds and expenditure control mechanism during 2019-22, two grants, viz., Power Department (Grant No. 43) and Disaster Management & Civil Defence (DMCD) Department (Grant No. 73) were selected for detailed audit scrutiny. Audit findings in this regard are discussed below.

3.5.1 Grant No. 43: Power Department

- ***Budget and Expenditure***

Against the budget allocation of ₹ 3,211 crore, actual expenditure during 2021-22 was ₹ 3,404 crore leading to an excess expenditure of ₹ 193 crore (six *per cent*). Details of budgetary provisions, actual expenditure, and savings/excess in this grant during 2019-22 are shown in **Table 3.11.**

Table 3.11: Budget provision *vis-à-vis* Expenditure during 2019-22

Section	2019-20			2020-21			2021-22		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	1,186.99	1,073.45	(-) 113.54 (9.56%)	1,263.92	1,393.09	(+)129.17 (10.22%)	1,442.68	1,567.18	(+)124.50 (8.63%)
Capital	2,378.50	2,079.35	(-) 299.15 (12.58%)	2,004.00	626.65	(-)1,377.35 (68.73%)	1,767.69	1,837.08	(+)69.39 (3.92%)

Source: Appropriation Accounts of Government of West Bengal (2019-20 to 2021-22)
***B**: Budget; **E**: Expenditure**; S/E**: Savings (-)/Excess (+)*

During 2021-22, Revenue and Capital section of the grant registered an excess of nine and four *per cent* mainly due to 'Subsidy (including meter rent) to WBSEDCL for subsidization in power tariff to its consumers under Hasir Alo scheme' and 'Special Infrastructure Projects' respectively.

- ***Expenditure incurred without Budget Provision***

In terms of Rule 382 of WBFR and Rule 14 of WBBM, expenditure should not be incurred on a scheme/service where there is no budget provision.

Scrutiny of records showed that during 2019-22, expenditure amounting to ₹ 1,596 crore was incurred under eight sub-heads (**Table 3.12**) though there was no budget provision.

Table 3.12: Expenditure without Budget Provision during 2019-22

Sl. No.	Year	Head of Account	Purpose	Expenditure (₹ in crore)
1.	2019-20	4801-01-190-V-001	Equity participation of State Government for Implementation of Turga Pump Storage Projects (1000 MW) (State Share) (EAP) [PO]	7.41
2.		4801-01-789-V-001		3.48
3.		4801-01-796-V-001		0.69
4.		4801-02-190-V-001	West Bengal Power Development Corporation	530.47
5.		4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS) (State Share) OCAS [PO]	134.92
6.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share)	136.50
7.		4801-06-796-V-005	Implementation of the Scheme "Sech Bandhu" (State Share) OCAS [PO]	58.50
8.	2020-21	4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS) (State Share) (OCASPS)[PO]	20.00
9.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share) (OCASPS)[PO]	9.63
10.	2021-22	4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS)(State Share)	171.75
11.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share)	15.50
12.		4801-06-796-V-005		6.65
13.		6801-00-205-V-011	Working Capital Assistance to WBSEDCL	500.00
Total				**1,595.50**

Source: VLC Data

In the sub-head 'Implementation of the Scheme "Sech Bandhu" (State Share)', bearing Head of Account '4801-06-789-V-005', there was expenditure in the consecutive three years starting from 2019-20 though there was no budget provision.

Department replied (September 2022) that all projects were approved from Finance Department through AAFS[53] portal as per the WBFR. The reply is not tenable since the budget could not be augmented through supplementary provisions.

- ***Excess expenditure over the Provision***

In course of scrutiny of the Budget documents, sub-head accounts and Appropriation Accounts for the year 2021-22, it was observed that in respect of three sub-heads (**Table 3.13)** expenditure exceeded the budget provision by ₹ 1 crore or 10 *per cent* of the provision.

Table 3.13: Excess expenditure (more than ₹ 1 crore or 10 *per cent* of the provision) during 2021-22

Sl. No.	Year	Head of Account	Purpose	Net grant	Actual expenditure	Excess (+)/ (in *per cent*)
				(₹ in crore)		
1.	2021-22	2801-80-101-V-004	Subsidy (including meter rent) to WBSEDCL for subsidization in power tariff to its consumers under Hasir Alo scheme	138.75	323.71	184.96 (133.30%)
2.		2801-80-800-V-008	Subsidy (including meter rent) to CESC for subsidization in power tariff to its consumers under Hasir Alo scheme	10.25	19.23	8.98 (87.61%)
3.		4801-05-001-V-002	Special Infrastructure Projects	170.00	892.25	722.25 (424.85%)
Total				**319.00**	**1,235.19**	**916.19**

Source: VLC Data

Department in its reply stated that above excess expenditure was regularized through augmentation/re-appropriation pursuant to U.O issued by the Finance Department. However, neither supplementary estimates nor re-appropriation orders were found to be noticed enabling augmentation of the budget provision.

- ***Persistent Savings***

Savings ranging between 25 and 100 *per cent* of the provisions persistently occurred during 2019-22 in respect of the scheme 'Equity Participation of the State Government for implementation of Sagardighi TPP'.

Department in its reply stated that COVID-19 and imposition of lockdown / movement restriction was the attributable reason.

[53] Administrative Approval and Financial Sanction

3.5.2: Grant No. 73: Disaster Management & Civil Defence (DMCD) Department

- ***Budget and Expenditure***

Total budget allocation for the department for the year 2021-22 was ₹ 4,361 crore. Details of budgetary provisions, actual expenditure and savings/excess in this grant during 2019-20 to 2021-22 are as follows (**Table 3.14**):

Table 3.14: Budget provision *vis-à-vis* Expenditure incurred during 2019-22

Section	2019-20			2020-21			2021-22		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	2,277.77	2,977.88	700.11 (31%)	4,191.16	6,818.42	2,627.25 (63%)	4,142.18	3,585.03	(-)557.15 (13%)
Capital	179.60	101.68	(-)77.92 (43%)	194.20	57.81	(-)136.39 (70%)	219.16	8.17	(-)210.99 (96%)

Source: Appropriation Accounts of Government of West Bengal (2019-20 to 2021-22)
B: *Budget; E: Expenditure; S/E: Savings (-)/Excess (+)*

Under Revenue section of the grant, there was an excess of 31 and 63 *per cent* during 2019-20 and 2020-21 respectively. In 2021-22, there was, however saving of 13 *per cent*. This was mainly due to unutilized provision/saving of ₹ 608 crore under 'assistance for repair/reconstruction of damaged dwelling houses'. Savings in Capital section of the grant progressively increased during 2019-22. During 2021-22, major portion of saving was observed in relief and welfare activities.

- ***Saving of Entire Provision***

During 2019-22, budget provision aggregating to ₹ 1,228 crore covering 35 sub-heads under seven major heads[54] authorized by the Legislature through Appropriation Acts could not be spent by the department and the entire provision remained unutilized. In respect of six sub-heads, savings of entire provisions occurred in two successive years. Savings of the entire provision is indicative of the fact that the budget provisions were not prepared after adequate scrutiny of the projects/schemes.

DMCD department in its reply stated (September 2022) that they had to make provision to mitigate unwanted natural disaster situations e.g., emergent repair of roads, culverts, bridges, and restoration of drinking water.

- ***Injudicious Re-Appropriation***

During 2020-21, augmentation of ₹ 3 crore through re-appropriation under the sub-head 'Directorate of Relief and District Establishment (Relief) (DM)' proved to be unnecessary since there was saving of ₹ 0.52 crore (0.96 *per cent*), out of the original provision of ₹ 54.36 crore. Department, in reply, stated that, being a disaster-prone state, GoWB made themselves prepared for any natural calamity and hence minimal deviation in budget occurred.

Again, augmentation of ₹ 1.02 crore through re-appropriation during 2020-21 under 'Construction of Boundary Wall, Administrative Building of WCD,

[54] '2013', '2070', '2235', '2245', '4059', '4216' and '4235'

WBCEF & Civil Defence Organisation (DM)' proved to be unnecessary since there was saving of ₹ 4.09 crore (75.18 *per cent*), out of the original budget provision (₹ 5.44 crore). Department in reply stated that construction related work depends on various factors like tender process, land issues, official formalities of other agencies. Department usually made budget provision with the intention to accomplish the task within the financial year, failing which, savings occurred.

Further, during 2021-22, augmentation of funds by way of re-appropriation of ₹ 1.78 crore in respect of schemes for 'Rehabilitation of destitute Ex-TB patients', proved to be insufficient since there was excess expenditure of ₹ 0.75 crore against the net grant of ₹ 2.28 crore. Department stated that post-covid, Government channelized funds to common people to begin small trade for their livelihood by way of ex-gratia relief grant which attributed the excess.

Augmentation of funds by way of re-appropriation of ₹ 1.36 crore during 2021-22 in respect of schemes for 'Ex-gratia payment to the families of indigent victims due to death caused by sunstroke/snakebite', proved to be insufficient since there was excess expenditure of ₹ 5.24 crore against the net grant of ₹ 10.68 crore. Department stated that excess expenditure occurred owing to accidental death on sunstroke/snakebite.

Augmentation of funds by way of re-appropriation of ₹ 0.72 crore during 2021-22 in respect of schemes for 'Expenditure for providing general insurance for the pilgrims, NGOs, transport operators, Government officials including police personnel in Gangasagar mela', proved to be insufficient since there was excess expenditure of ₹ 3.25 crore against the net grant of ₹ 2.40 crore. Department stated that maintenance of Covid protocol, installation of CCTV, drone service for crowd management during Gangasagar mela attributed the excess.

Unnecessary and insufficient re-appropriation indicates inadequate financial management on the part of the controlling officers.

3.6 New Schemes introduced in the Budget

Government introduced several new schemes in the budget for the fiscal year 2021-22. Some of the significant new schemes, with scheme details and their financial implications, are discussed in the **Table 3.15**.

Table 3.15: New Schemes introduced in the Budget

Sl. No.	Name of the scheme	Scheme details	Financial implications
1.	New 'Krishak Bandhu'	Providing financial assistance @ ₹ 10,000 p.a. to each farmer having land exceeding one acre and @ ₹ 4,000 p.a. to each bargadars or farmer having land less than one acre. In the event of untimely death within the age group of 18 to 60 years, providing one time grant of ₹ 2 lakh to the family members of a deceased farmer.	Against the total budget provision of ₹ 5,382 crore, only ₹ 4,256 crore (79 *per cent*) was expended.

Sl. No.	Name of the scheme	Scheme details	Financial implications
2.	Student Credit Card	This scheme was introduced to enable students to pursue higher academic and professional qualifications. The scheme entails that a student can obtain a maximum loan of ₹ 10 lakh at the rate of four *per cent* per annum simple interest from the State Cooperative Bank and its affiliated banks. Repayment period for loans will be 15 years, including the moratorium/ repayment holiday.	Against the total budget provision of ₹ 50 crore, no expenditure was incurred under this scheme.
3.	Duare Ration	GoWB introduced this scheme to supply ration items at the doorsteps of the beneficiaries under the Targeted Public Distribution System.	Against the total budget provision of ₹ 2,620 crore, only ₹ 209 crore (eight *per cent*) was expended.
4.	Lakshmir Bhandar	GoWB launched a new welfare scheme "West Bengal Lakshmir Bhandar Scheme 2022" for providing financial support system to female head of the family. In this scheme, income support was to be provided @ ₹ 500 p.m. to the General Caste Category and @ ₹ 1,000 p.m. to SC/ST Category, who do not have any of the sources of income to carry on their livelihood.	Against the total budget provision of ₹ 10,020 crore, only ₹ 5,765 crore (58 *per cent*) was expended.

Source: Budget Speech and Appropriation Accounts

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.

3.7 Recommendations

1. *Government may take steps to ensure that its budgetary assumptions are arrived at in a more realistic manner based on reliable assumptions of the needs of the departments and their capacity to utilise the allocated resources.*
2. *Excess expenditure over grants approved by the Legislature constitutes a serious violation and needs to be regularised at the earliest.*
3. *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

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) of the Constitution 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 during 2021-22, an amount of ₹ 2,012.81 crore, being the collection of cess (other than Labour Cess and West Bengal Motor Transport Workers Welfare Cess), was not transferred to the designated fund under the Public Account, as the same has not been created by the State Government. Non-transfer of cess (₹ 2,012.81 crore) to the relevant Fund has resulted in overstatement of revenue receipts and understatement of revenue deficit and fiscal deficit, to that extent (Refer **Table 1.8**).

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 and Deposits bearing interest'. During 2021-22, despite fund balance of ₹ 22,860 crore as on 1 April 2021 and budgetary allocation of ₹ 1,838 crore for interest payments under the head of account '2049' (revenue expenditure), the State Government paid interest of ₹ 1,456 crore, against the payable interest of ₹ 1,598 crore (**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 and deposits	Balance as on 1 April 2021	Interest payable	Interest paid	Interest short(+)/ excess(-) paid
		(₹ in crore)			
1.	State Disaster Response Fund (SDRF)	1,508.98	90.54	101.56	(-)11.02
2.	State Compensatory Afforestation Fund (SCAF)	233.16	7.81	7.81	-
3.	Civil Deposits	21,117.55	1,499.35	1,346.85	152.50
	Total	**22,859.69**	**1,597.70**	**1,456.22**	**141.48**

Source: Finance Accounts

Short-payment of interest[55] resulted in understatement of the revenue expenditure and understatement of Revenue and Fiscal Deficits of ₹ 141.48 crore (Refer **Table 1.8**).

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.

Year-wise details of such transfers made outside Consolidated Fund of the State, from 2017-18 to 2021-22, are shown in **Table 4.2**.

Table 4.2: Funds transferred to State implementing agencies by GoI

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Direct transfers to State implementing agencies	9,891	5,800	11,677	26,198	25,370

Source: Finance Accounts for the respective years

Analysis disclosed that during 2021-22, direct transfer of funds were effected mainly for schemes implemented through the direct benefit transfer (DBT) mode. In course of test check, it was observed that through the DBT mode around 70 *per cent* (₹ 17,661 crore) of the total transfer was made for schemes like ‘Mahatma Gandhi National Rural Employment Guarantee Programme (₹ 5,691 crore)’, ‘Food subsidy for decentralized procurement of food grains under National Food Security Act (₹ 5,421 crore)’, ‘payments for Indigenous Urea and Phosphorous & Potassium fertilizers (₹ 3,956 crore)’ and ‘Pradhan Mantri Kisan Samman Nidhi – PM KISAN (₹ 2,593 crore)’.

However, it came to notice that in case of the Centrally Sponsored Scheme ‘Jal Jeevan Mission’, funds (₹ 1,405 crore) were directly transferred and not routed through the Consolidated Fund of the State. This stood out as an exception as the scheme was not implemented through the DBT mode.

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), stipulate 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.

[55] For SDRF- Interest calculated taking overdraft interest @6.00 *per cent* for 2021-22; For SCAF- Interest calculated taking interest @3.35 *per cent* (as per GoWB’s notification) and for Civil Deposits, interest calculated @7.10 *per cent* as per the rate of interest payable to General Provident Fund

Audit scrutiny revealed that, as of March 2022, a total of 4,41,523 UCs, in respect of grants aggregating ₹ 2,65,985 crore, had not been submitted. Details of delays in submission of UCs are given in **Table 4.3**.

Table 4.3: Arrears in submission of Utilisation Certificates

Year	Due for submission upto 2021-22	
	No.	Amount (₹ in crore)
Upto 2020-21	3,83,797	2,24,292
2021-22	57,726	41,693
Total	**4,41,523**	**2,65,985**

Source: Finance Accounts

Note: UCs for the GIA disbursed during 2020-21 became due during 2021-22.

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 52.66 *per cent* and 66.51 *per cent* respectively, over that reported in the Audit Report of 2017-18 (2,89,213 UCs for ₹ 1,59,742 crore).

4.5 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that Abstract Contingent (AC) bills are meant for drawal of funds 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 related advances were drawn. In no case, should this exceed 60 days from the date of drawal of the respective AC bills. Year-wise progress in submission of DC bills, against AC bills, upto 2019-20, 2020-21 and 2021-22, is given in **Table 4.4**.

Table 4.4: Year-wise progress in submission of DC bills against AC bills

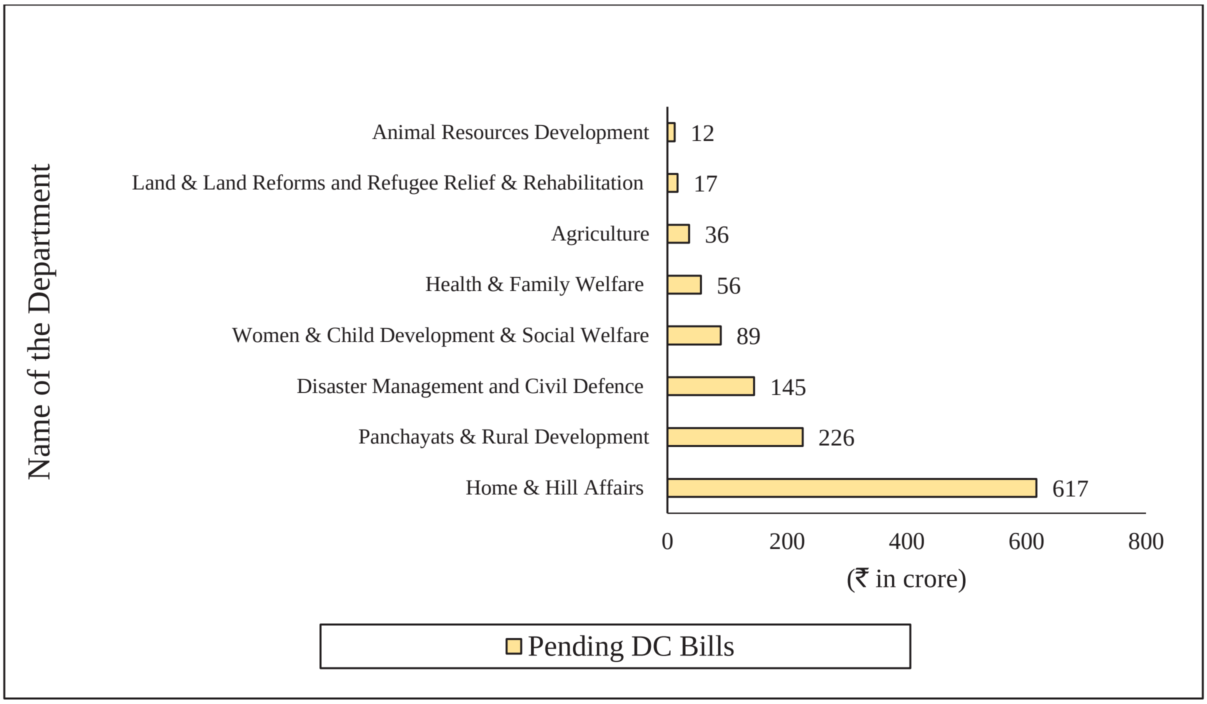
Year	Opening Balance as on 1 April 2021		Addition during 2021-22		Clearance during 2021-22		Closing Balance as on 2021-22	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2019-20	9,560	2,640	-	-	3,073	1,738	6,487	902
2020-21	1,761	760			1,241	526	520	234
2021-22	-	-	1,696	1,157	704	655	992	502
Total	**11,321**	**3,400**	**1,696**	**1,157**	**5,018**	**2,919**	**7,999**	**1,638**

Source: Finance Accounts

Pending DC Bills are indicative of reflects on accounting indiscipline by the concerned Government functionaries and controlling authorities, and carry the risk of fraud, temporary misappropriation and embezzlement of funds. Therefore, they require 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.

Details of DC bills pending upto 2021-22, against eight departments where pendency is significant, are shown in **Chart 4.1**.

Chart 4.1: Pending DC Bills in respect of eight departments (as on 31 March 2022)



Source: Finance Accounts

The departments of Home & Hill Affairs (₹ 617 crore; 1,684 AC bills), Panchayats & Rural Development (₹ 226 crore; 650 AC bills), and Disaster Management and Civil Defence (₹ 145 crore; 2,226 AC bills) accounted for 57.01 *per cent* of the total number of outstanding AC bills.

Two departments which cleared the maximum AC bills, through submission of DC bills, during 2021-22, were Home & Hill Affairs (₹ 4,124 crore; 86.99 *per cent*) and Disaster Management and Civil Defence (₹ 2,254 crore; 93.97 *per cent*).

Scrutiny revealed (September 2022) that significant amounts drawn on AC bills, had remained unadjusted, in respect of the following DDO, for the reasons described against each:

Commandant, SAP 6th Battalion, Barrackpore:

(i) Three AC bills, amounting to ₹ 10.08 crore, drawn (from July 2019 to January 2022) for procurement of arms, remained pending, since arms were not supplied by the Rifle Factory Ichapore and Controllerate of Quality Assurance, Ichapore.

(ii) Six AC bills, amounting to ₹ 42.22 crore, drawn (from February 2019 to January 2022) for procurement of arms, remained pending, since arms were not supplied by the Ammunition Factory, Khadki, Pune.

(iii) Five AC bills, amounting to ₹ 10.15 crore, drawn (from October 2019 to February 2021) for procurement of arms, remained pending since arms were not supplied by I.T.B.P and ordnance factories – Varangaon, Maharastra & Tiruchirappalli, Tamil Nadu.

4.6 Personal Deposit Accounts

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

As per the WBTR, the PD Accounts enable their Holders/ Administrators to incur expenditure pertaining to schemes, 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 State[56]. The accounts may be opened again in the following year, if necessary.

Analysis revealed the following:

(a) In terms of the WBTR, Personal Deposit Accounts are to be opened Administrator-wise and scheme-wise; they should not be omnibus; and they should be opened only if it is absolutely necessary. No details[57] 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 the 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 ₹ 3,197 crore in 160 PD Accounts, as on 31 March 2022, as shown in **Table 4.5**. Similar such year-end balances were noticed in 2020-21 (₹ 3,465 crore in 160 PD Accounts), 2019-20 (₹ 5,240 crore in 160 PD Accounts), in 2018-19 (₹ 5,466 crore in 159 PD Accounts) and in 2017-18 (₹ 4,282 crore in 157 PD Accounts).

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

[57] 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.

Table 4.5: 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	3,465
2	Addition# during the year 2021-22	-	1,296
3	Cleared@ during the year 2021-22	-	1,564
4	PD Accounts existing at the end of the year	160	3,197

Source: Finance Accounts of Government of West Bengal (2021-22)
#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 2022, 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 funds, fraud and misappropriation.

4.6.2 Operation of PD Accounts

(i) Rule 6.08 (5) of the West Bengal Treasury Rules, stipulates that the holder of the Personal Deposit Account shall, immediately after end of the financial year, make necessary verification and reconciliation of the balances with the treasury and shall furnish a certificate of balance to the Treasury Officers, on or before the 15 May positively.

Test-check of treasuries, conducted in 2021-22, in respect of transactions for the year 2020-21, revealed that 126 Administrators of PD Accounts had not reconciled and verified their balances with the treasury figures.

(ii) During 2021-22, an amount of ₹ 229 crore was transferred to PD Accounts in March 2022 from the Consolidated Fund of the State. This was 17.67 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 85 crore was transferred on the last working day of March 2022. This was intended to avoid lapse of budget provisions.

Test-check of PD Accounts maintained by six DDOs[58] revealed the following deficiencies:

(i) There were differences in the closing cash book balance and corresponding Treasury Pass Book balances of four DDOs (**Table 4.6**), due to non-reconciliation, as required under WBTR.

[58] District Magistrates (DM) of North 24 Parganas, Hooghly, Purba Medinipur, South 24 Parganas, Purba Bardhaman, Bankura

Table 4.6: 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, North 24 Parganas	53.51	54.02	0.51
2.	DM, Hooghly	11.27	11.28	0.01
3.	DM, Purba Medinipur	68.86	30.54	38.32
4.	DM, South 24 Parganas	87.52	88.22	0.70

Source: Departmental figures

(ii) Six DDOs as of March 2022 had parked ₹ 25.63 crore, in their respective PD Accounts, for periods exceeding two years, disregarding the provisions of WBTR (***Appendix 4.1***).

(iii) One DDO (DM – Bankura), violating the Finance Department's order (June 2021) had surrendered unutilised funds of ₹ 0.22 crore, in Revenue heads, instead of surrendering them to the Capital heads, from where these funds had originally been drawn. Consequently, Revenue Deficit was understated by ₹ 0.22 crore, with corresponding overstatement of Capital Expenditure to the same extent (**Table 1.8**).

(iv) Two DDOs[59] kept an amount of ₹ 1.25 crore, in the form of un-classified balances, in their PD Accounts, though justification for retention of the same could not be ascertained in Audit.

(v) DM, Hooghly, had an adverse balance of ₹ 0.10 crore in the scheme 'Honorarium of staff of Madrasah Shiksha Kendra' in his PD account, which indicates that there had been more expenditure than receipts. The Auditee, however, failed to provide the details of the scheme/ source, from which such excess expenditure had been met.

(vi) As per BEUP[60] Guideline, the Accounts for each term of Assembly should be closed within six months or the next 31st March, whichever is later, from the date of dissolution of the Assembly. There was retention of unutilised BEUP funds (₹ 32.43 crore), of the 16th Assembly[61], by six DDOs[62], even after its dissolution (May 2021). As per BEUP guidelines, the fund was to be refunded to the Government Account by 31 March 2022.

(vii) DM, North 24 Parganas, as of March 2022, had not remitted the unutilised BADP[63] funds (₹ 2.76 crore) from the concerned PD account. As per norms fixed (March 2021) by the GoI, unutilised BADP funds were to be remitted to the account of the Single Nodal Agency (SNA), maintained at the Home & Hill Affairs Department, GoWB.

[59] DMs of North 24 Parganas (₹ 1.24 crore) and Purba Medinipur (₹ 0.01 crore)
[60] Bidhyak Elaka Unnayan Prakalpa
[61] The tenure ended on 30 May 2021
[62] DMs: North 24 Parganas (₹10.67 crore), Hooghly (₹ 1.33 crore), Purba Medinipur (₹ 7.88 crore), South 24 Parganas (₹ 10.33 crore), Purba Bardhhaman (₹ 0.67 crore) and Bankura (₹ 1.55 crore)
[63] Border Area Development Project

4.7 Operation of Centrally Sponsored Schemes through Single Nodal Agencies

As per a newly introduced procedure of the GoI (March 2021), release of funds under Centrally Sponsored Schemes (CSSs) is being operated through SNAs with effect from 1 July 2021. In the State of West Bengal, 79 CSSs were found to be operative, under 25 Departments, in the SNA mode.

In this backdrop, an Audit of CSSs, covering all 25 Departments, was undertaken during April-July 2022. Replies from five departments, covering 13 CSSs, were not received. A summary of significant findings, which emerged as a result of this audit, are mentioned in the succeeding paragraphs.

4.7.1 Unreleased Central Share

The central share, amounting to ₹ 1,831 crore, had not been released, by the Finance Department, to six Departments, in respect of the following nine CSSs, as of March 2022 **(Table 4.7)**. Consequently, funds to the same extent had not been transferred to the nodal accounts of SNAs of these Departments.

Table 4.7: Central Share remained unreleased

Name of the Department	Name of Scheme	Amount (₹ in crore)
Public Health Engineering (PHE)	Jal Jeevan Mission	1,424.25
School Education (SE)	PM Poshan[64]	104.82
Backward Classes Welfare (BCW)	Post-Matric Scholarship for OBC students	78.82
	Pre-Matric Scholarship for OBC students	25.89
	Post-Matric Scholarship for SC students	86.60
	Pre-Matric Scholarship for SC students	28.18
Judicial	Development of Infrastructure facilities	73.69
Irrigation and Waterways (I&W)	Rastriya Krishi Vikash Yojana	8.41
Agriculture	Sub-Mission on Agriculture Mechanisation under NMAET[65]	0.18
Total		**1,830.84**

Source: Departmental records

4.7.2 Pending transfer of unspent balances from the Implementing Agencies

As per point 13 of the GoI's order (March 2021), after opening of nodal accounts by SNAs, Implementing Agencies (IAs), at all levels, were required to return all unspent amounts, lying in their accounts, to the nodal account of the SNA. GoI extended (December 2021) the deadline for transfer of unspent funds upto 31 January 2022.

[64] Pradhan Mantri Poshan Shakti Nirman
[65] National Mission on Agricultural Extension and Technology

Audit observed that IAs of four departments had not transferred unspent balances, amounting ₹ 506.47 crore, in respect of following five schemes till March 2022, even though, the SNA's nodal account had remained functional.

- State Nutrition Mission (₹ 354.04 crore), under the Women and Child Development & Social Welfare (WCD&SW) Department
- Human Resources for Health & Medical Education (₹ 66.23 crore) and National Health Mission (₹ 50.74 crore), under the Health & Family Welfare (H&FW) Department
- Jal Jeevan Mission (₹ 35.31 crore), under the PHE Department and
- National Mission for Green India (₹ 0.15 crore), under the Forest Department.

State Headquarters of the School Education (SE) Department had not transferred the unspent balance of the scheme 'Samagra Shiksha Abhiyan (₹ 92.52 crore)' till March 2022, even though the SNA's account had remained functional. Besides, 24 IAs, in respect of the scheme 'Samagra Shiksha Abhiyan', under the SE department, had neither transferred the unspent fund, nor intimated the balances which were to be transferred to the SNA's account, as of March 2022.

Pending transfer of unspent/unreleased funds is reflective of accounting indiscipline by the concerned Government functionaries, which could lead to risk of fraud, temporary misappropriation, and embezzlement of funds and, therefore, requires close monitoring by the State Government.

4.7.3 Unremitted interest to the Central and State exchequers

State Government, in its order (February 2022), stated that interest accumulated in the nodal accounts of SNAs (till December 2021) was to be remitted to the Central and State exchequers, by February 2022. Audit observed that, in violation of the directive of the State Government referred to *ibid*, interest, amounting to ₹ 92.92 crore, against 18 CSSs, involving eight departments, had not been remitted to the central and state exchequers within February 2022 and even upto March 2022. The *inter-se* quantum of interest to be remitted to the Central and State exchequers, based on the approved funding patterns, worked out to ₹ 43.16 crore and ₹ 49.76 crore, respectively. Consequently, the Central and State exchequers remained understated by ₹ 43.16 crore and ₹ 49.76 crore respectively, which eventually led to overstatement of Revenue as well as Fiscal Deficits, of both the Central and State Governments (**Table 1.8**). Schemes where significant amounts of interest remained pending were:

- Pradhan Mantri Awas Yojana (Rural) (₹ 37.37 crore) and Pradhan Mantri Gram Sadak Yojana (₹ 17.45 crore), under the Panchayat and Rural Development Department
- Jal Jeevan Mission (₹ 12.60 crore), under the PHE Department
- PM-Poshan (₹ 4.98 crore) and Samagra Shiksha Abhiyan (₹ 4.04 crore), under the SE department and
- National Health Mission (₹ 6.39 crore), under the H&FW Department.

The State Government needs to prescribe timelines for remittance of interest by SNAs and put in place an appropriate monitoring mechanism, to ensure that interest is remitted to central and state exchequers by SNAs, within the prescribed timelines.

The above facts had been communicated (September 2022) to the Finance Department; reply is awaited (December 2022).

4.8 Misclassification/Avoidable Accounting of Expenditure under Minor head 800 (Other/Miscellaneous expenditure)

Minor Head 800, with the nomenclature 'other receipts'/ 'other expenditure', is used under receipt and expenditure Major Heads, to account for transactions that are not routine and/or cannot be accounted under any specific minor head. Repeated use of Minor Head 800 results in opaqueness in accounts and, hence, needs to be curtailed. State Finances Audit Reports of the CAG[66] have, year after year, pointed out continued arbitrary use of Minor Head 800 by different Departments of the State Government. However, this issue remains unaddressed leading to continued accounting of expenditure under Minor Head 800.

During 2021-22, the State Government booked an expenditure of ₹ 7,039 crore, under Minor Head '800', against 64 revenue and capital Major Heads of Account, constituting 3.09 *per cent* of the total revenue and capital expenditure of ₹ 2,27,644 crore.

In this regard, CGA[67], MoF, GoI has directed (January 2009) Controlling Departments to exercise extreme caution while booking significant expenditure under the Minor Head 800. Departments had also been directed to take steps to bring the Detailed Heads and Sub Heads being operated under Minor Head 800 and carrying significant[68] outlays, under specific Minor Heads, by getting new Minor Heads opened. However, it was noticed that a significant proportion (50 *per cent* or more) of the expenditure, within eight Major Heads, had been classified under the Minor Head 800- 'Other Expenditure', during 2021-22 (**Table 4.8**).

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

Major Head	Total Expenditure	Expenditure under Minor Head 800	Expenditure under Minor Head 800 *w.r.t.* Total Expenditure (in *per cent*)
	(₹ in crore)		
5055 - Capital Expenditure on Road Transport	38.08	38.08	100
2250 - Other Social Services	224.41	221.44	98.68
3051 - Ports and Light Houses	1.43	1.23	86.01
5452 - Capital Expenditure on Tourism	55.85	44.11	78.98
2075 - Miscellaneous General Services	161.94	102.98	63.59
4885 - Other Capital Expenditure on Industries and Minerals	369.51	227.40	61.54
2205 - Art and Culture	462.16	260.60	56.39
4235 - Capital Expenditure on Social Security and Welfare	261.42	138.28	52.89

Source: Finance Accounts

[66] Comptroller and Auditor General
[67] Controller General of Accounts
[68] Exceeding 50 *per cent* of the allocation under the Major Head

Audit checked the expenditure incurred by 10 major departments, wherein the amounts booked in Minor Head 800 had totalled ₹ 3,473 crore (constituting 6.02 *per cent* of the total expenditure), during 2021-22 (shown in **Table 4.9**). On test-check of expenditure of ₹ 2,733 crore[69], it was observed that, operation of the Minor Head 800 could have been avoided, in regard to expenditure of ₹ 1,901 crore.

Table 4.9: Booking of expenditure in 10 major departments under the Minor Head 800

Sl. No.	Name of the Department	Total Expenditure incurred	Amount booked under MIH 800	Amount Test-checked under MIH 800	Specific Minor heads available (*Against Col.5*)	Misclassification (*Against Col.5*)	Expenditure against which booking of 800 could have been avoided
		(₹ in crore)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(6)+(7) = (8)
1.	Home And Hill Affairs	11,582	466	427	0	401	401
2.	Disaster Management and Civil Defence	2,037	392	344	0	342	342
3.	Public Works	5,387	543	294	283	0	283
4.	Information And Cultural Affairs	518	278	238	229	0	229
5.	Minority Affairs and Madrash Education	2,573	319	219	141	70	211
6.	Animal Resources Development	854	126	119	31	85	116
7.	Technical Education, Training and Skill Development	667	155	139	139	0	139
8.	School Education	30,856	799	661	88	0	88
9.	Irrigation And Waterways	2,255	204	198	58	0	58
10.	Water Resources Investigation & Development	991	191	95	34	0	34
Total		**57,720**	**3,473**	**2,733**	**1,003**	**898**	**1,901**

Source: VLC data

Of this ₹ 1,901 crore, specific minor heads were available for an expenditure of ₹ 1,003 crore, under the related Major/Sub Major heads. Few instances are given below:

- Capital expenditure in connection with programme for Roads and Bridges under the Central Road Fund (Central Share) (₹ 262 crore) under the PWD Department, was booked under the Minor Head 800, instead of the appropriate Minor Heads '101-Bridges' and '337-Road Works', against the Major Head '5054- Capital Expenditure on Roads and Bridges'; and
- Lok Prasar Prakalpa expenditure (₹ 226 crore), under the Information and Cultural Affairs Department, was booked under the Minor Head 800,

[69] 78.70 *per cent* of the total expenditure incurred under Minor Head 800

instead of the appropriate Minor Head '102- Promotion of Arts and Culture' under the Major Head '2205- Art and Culture'.

In respect of expenditure of ₹ 898 crore, the use of Minor Head 800 could have been avoided had the Major/Sub Major heads classification been correct. The appropriate Minor Head for this expenditure was available under the correct Major/Sub-Major heads. Some instances are given below.

- CAPF[70] related expenditure, for conducting Elections in the State (₹ 204 crore) and Deployment of Police and other Forces for conducting Elections (₹ 197 crore), under the Home and Hill Affairs Department, was booked under the Minor Head 800, under the Major Head '2055-Police' instead of the available Minor Head '106-charges for conduct of elections for State Legislature', under the appropriate Major Head '2015-Elections'.

- Expenditure towards rescue of marooned people, affected by flood, cyclone, tornado etc. and set-up of relief camps/centres (₹ 23 crore), under the Disaster Management and Civil Defence Department, was booked under the Major Head '2245-Relief on account of Natural Calamities' of Minor Head 800, against the Sub-Major Head '80-General', instead of the available Minor Head '112-Evacuation of Population', under the appropriate Sub-Major Head '02-Floods, Cyclones, etc.'

In effect, booking of ₹ 1,901 crore, as mentioned *ibid,* amounts to misclassification. Booking under the omnibus minor head not only rendered the accounts opaque but also resulted in incorrect projections of expenditure. This expenditure led to overstatement under Minor Head 800, simultaneously understating the specific/correct minor heads and even the Major/Sub-Major heads in some cases.

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

Issues related to measurement

4.9 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, are shown in **Table 4.10**.

[70] Central Armed Police Force

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	2019-20 Dr.	2019-20 Cr.	2020-21 Dr.	2020-21 Cr.	2021-22 Dr.	2021-22 Cr.
8658-Suspense Account							
1	101-PAO Suspense	187.75	5.63	34.99	(-)1.13	(-) 18.47	2.81
	Net	**182.12 (Dr.)**		**36.12 (Dr.)**		**21.28 (Cr.)**	
2	102-Suspense Account-Civil	1,261.17	1,338.14	714.73	338.41	252.96	722.22
	Net	**76.97 (Cr.)**		**376.32 (Dr.)**		**469.26 (Cr.)**	
3	110- RB Suspense CAO	544.82	279.00	82.36	(-)0.02	(-) 8.81	(-) 164.10
	Net	**265.82 (Dr.)**		**82.38 (Dr.)**		**155.29 (Dr.)**	
4	112-TDS. Suspense	0.00	185.19	0.00	269.40	0.00	(-)397.16
	Net	**185.19 (Cr.)**		**269.40 (Cr.)**		**397.16 (Dr.)**	
5	129-Material purchase settlement Suspense Account	0.00	67.46	0.00	67.44	0.00	0.00
	Net	**67.46 (Cr.)**		**67.44 (Cr.)**		**0.00**	
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	0.00	0.00
	Net	**386.32 (Dr.)**		**386.32 (Dr.)**		**0.00**	
2	103-Forest Remittances	6,199.01	6,173.39	6,199.01	6,173.39	0.00	0.00
	Net	**25.62 (Dr.)**		**25.62 (Dr.)**		**0.00**	
8793 - Inter State Suspense Accounts							
1	Inter State Suspense Accounts	29.97	0.75	0.64	(-)0.33	(-) 13.31	(-) 0.25
	Net	**29.22 (Dr.)**		**0.97 (Dr.)**		**13.06 (Cr)**	
	Grand Total	**559.48 (Dr.)**		**570.89 (Dr.)**		**48.85 (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 ₹ 559 crore, ₹ 571 crore and ₹ 49 crore, respectively during 2019-20, 2020-21and 2021-22. Details of suspense and remittance balances and their effect on cash balances during 2021-22 has been shown in ***Appendix 4.2***. Reasons for non-clearance of significant balances in suspense and remittance heads included the following:

- Reimbursement of claims amounting to ₹ 135.53 crore, in connection with National Highway expenditure, rejected by RPAO[71] for want of allotment. On clearance, the cash balance will increase.

[71] Regional Pay and Accounts Office

- Failed transactions of ₹ 239.14 crore, under the e-Pradan system in IFMS[72]. On clearance, the cash balance will decrease.
- Payments for purchases, amounting to ₹ 67.44 crore, made on credit by 61 Public Works (PW) divisions, had remained pending. On clearance, the cash balance will decrease.
- Cheques amounting to ₹ 322.66 crore and ₹ 114.77 crore, issued by the Forest and PW divisions, respectively, were not encashed at the Treasury. On clearance, the cash balance will decrease.
- Receipt amounting to ₹ 17.14 crore due because of non-settlement of clearance memo from RBI. On settlement, the cash balance will increase.
- 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, the cash balance will increase.

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 2022, worked out by the RBI on 10 April 2022, the State had a debit balance of ₹ 43.45 crore, while the closing cash balance, in the books of the Principal Accountant General (A&E), West Bengal, the State showed a debit balance of ₹ 6.90 crore. Thus, there was a difference of ₹ 36.55 crore (net debit) 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 the Government of West Bengal, in 2021-22, and deficiencies therein, are detailed in **Table 4.11**.

[72] Integrated Financial Management System

Table 4.11: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	**IGAS-1:** *Guarantees given by the Government – Disclosure requirements*	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:** *Accounting and classification of Grants-in-aid*	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 ₹ 1,562 crore under Capital Major Heads of Account, instead of under the Revenue section. Non-compliance led to understatement of revenue deficit and overstatement of capital expenditure. Information regarding GIA paid in kind (₹ 193 crore) given to the GoWB during the year was not accounted owing to absence of confirmation and necessary sanction orders from GoWB. Non-compliance led to understatement of revenue receipt.
3.	**IGAS-3:** *Loans and Advances made by the Government*	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 13 out of 119 loanees have confirmed the balances either fully or partially as maintained by the Principal 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 of CAG, 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 regard to 67 ABs which were to render annual accounts to CAG, there were delays in submission of accounts, as detailed in **Table 4.12.**

Table 4.12: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies, as of 30 September 2022

Sl. No.	Delay in Number of Years	No. of ABs
1.	0-2	32
2.	3-5	18
3.	6-10	13
4.	Above 10	04
Total		**67**

Source: Latest finalised accounts of Autonomous Bodies

The status of rendering of accounts to Audit and communication seeking submission of accounts, made between 27 July and 14 October 2022, have been indicated in ***Appendix 4.3.*** Only six ABs have submitted accounts upto 2021-22. Two District Legal Service Authorities[73] (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2022, 279 annual accounts of ABs, due up to 2021-22, remained pending.

Non-submission of accounts by Autonomous Bodies is in violation of the prescribed financial rules and directives and points to inadequate internal controls and deficient monitoring mechanism of the concerned State Government departments.

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 observations within one month. Status of tabling of Audit Reports, for the period from 2015-16 to 2020-21, has been shown in **Table 4.13**.

Table 4.13: 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	25.03.2022
2018-19	25.08.2020	25.03.2022
2019-20	06.08.2021	25.03.2022

[73] DLSA, Kolkata and DLSA, South 24 Parganas

Year	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2020-21	28.02.2022	25.03.2022

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 SFARs for the years 2016-17 to 2020-21 are yet to be furnished by the State Government. Such lack of responsiveness 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

<table>
<tr><th>Positive Indicators</th><th>Negative Indicators</th></tr>
<tr><td>Downward trend of outstanding AC bills</td><td>Upward trend in the position of outstanding UCs</td></tr>
<tr><td rowspan="2">Downward trend in the balances of PD Accounts</td><td>Increased tendency in booking under minor head 800 – Other Expenditure</td></tr>
<tr><td>Increased liabilities of interest towards interest bearing reserve funds</td></tr>
</table>

4.15 Recommendations

1. *Government may ensure timely submission of utilisation certificates by the departments, in respect of the grants released for specific purposes.*

2. *The Finance Department may 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.*

3. *Finance Department may 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.*

4. *Government may consider carrying out adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules.*

5. *The Finance Department may, in consultation with the Principal 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

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 State Public Sector Enterprises were established to carry out activities of commercial nature and to contribute to the 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 categorized 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 company[74] 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 thereunder. 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

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

statutes governing some statutory corporations require their accounts to be audited only by CAG.

5.3 Number of SPSEs

As on 31 March 2022, there were 85 SPSEs *(including 19 inactive SPSEs)* in West Bengal, as shown in **Table 5.1**. The status of finalization 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 September 2022. In 2021-22, the working SPSEs registered an annual turnover of ₹ 60,421 crore. This turnover was equal to 3.93 *per cent* of the Gross State Domestic Product (GSDP) for the year 2021-22 (₹ 15,36,681 crore). The working SPSEs earned overall profit of ₹ 124.30 crore, as per their latest financial accounts.

Table 5.1: Details of Working and Inactive SPSEs

Sector	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)
Agriculture & Allied	10	1	1	-	12	791.67	0.05
Finance	6	1	3	-	10	649.83	0.04
Infrastructure	11	-	1	-	12	1,353.65	0.09
Manufacturing	10	16	-	-	26	183.62	0.01
Power	6	-	-	-	6	39,182.77	2.55
Service	11	-	3	1	15	17,470.04	1.14
Others	4	-	-	-	4	789.23	0.05
Total	**58**	**18**	**8**	**1**	**85**	**60,420.81**	**3.93**

Source: Latest finalised accounts of SPSEs

The above table indicates that the working SPSEs in the Power and Service sectors had contributed 2.55 and 1.14 *per cent*, respectively, to the GSDP, in 2021-22. Trends of contribution of the SPSEs turnover, to the State GSDP, during 2017-22, are shown below (**Table 5.2**).

Table 5.2: Contribution of SPSEs-turnover to GSDP

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
SPSEs-Turnover (₹ in crore)	42,832.03	51,264.41	53,805.82	54,521.69	60,420.81
GSDP (₹ in crore)	9,74,700	11,02,283	12,07,823	13,01,017	15,36,681
Percentage of turnover to GSDP	4.39%	4.65%	4.45%	4.19%	3.93%

Source: Latest finalised accounts of SPSEs

As can be seen from the above table, the contribution of SPSEs to GSDP ranged between 3.93 and 4.65 *per cent* during the last five years. The major share of SPSEs' turnover, during 2021-22, was from the West Bengal State Electricity

Distribution Company Limited (WBSEDCL) - ₹ 26,667 crore (44.14 *per cent*), West Bengal State Beverages Corporation Limited (WBSBCL) - ₹ 12,892 crore (21.34 *per cent*) and West Bengal Power Development Corporation Limited (WBPDCL) - ₹ 9,784 crore (16.19 *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 2022.

Table 5.3: Investment of State Government in Equity in SPSEs

Sector	No. of SPSEs	Equity holdings of			Total Paid Up Capital	% of Equity of GoWB
		GoWB	GoI	Others		
		(₹ in crore)				
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)*100
Agriculture & Allied	12	113.29	0.95	3.80	118.04	95.98
Finance	10	1,332.02	132.21	0.41	1,464.64	90.95
Infrastructure	12	1,927.33	0.00	5.15	1,932.48	99.73
Manufacturing	26	411.61	0.00	12.12	423.73	97.14
Power	6	12,980.96	0.00	5.09	12,986.05	99.96
Service	15	240.46	5.82	0.65	246.93	97.38
Others	4	5.78	0.00	0.81	6.59	87.71
Total	**85**	**17,011.45**	**138.98**	**28.03**	**17,178.46**	**99.03**

Source: Latest finalised accounts of SPSEs

The above table shows that the equity investment of GoWB (₹17,011 crore) in SPSEs comprised 99 *per cent* of their total equity. The Power sector (76.31 *per cent*) has the majority of Equity investment from GoWB, followed by the Infrastructure (11.33 *per cent*) and Finance (7.83 *per cent*) sectors. GoI had equity investment of ₹ 139 crore, mainly in the Finance, Service and Agriculture & allied sectors, while Others[75] had contributed equity holding of ₹ 28 crore in SPSEs, mainly in the Manufacturing sector (43.24 *per cent*).

5.5 Debt position of SPSEs

Long term loans from GoWB are also an important means of financing SPSEs. Besides taking loans from Government, SPSEs have also taken loans from the market and financial institutions. Government has also given guarantee on loans raised by SPSEs from the market or financial institutions, by way of charging

[75] Companies which had invested equity share capital in SPSEs apart from GoI and GoWB

guarantee commission. **Table 5.4** depicts the details of loans taken by SPSEs from the State Government and Other sources.

Table 5.4: Details of borrowing of SPSEs as on 31 March 2022

Sector	No. of SPSEs	Borrowings from sources other than the State Government	Borrowings from the State Government	Total Borrowings	% of State Government loan
		(₹ in crore)			
(1)	(2)	(3)	(4)	(5)=(3+4)	(6)=(4/5)*100
Agriculture & Allied	12	41.21	143.25	184.46	77.66
Finance	10	5,967.69	182.65	6,150.34	2.97
Infrastructure	12	0.03	193.58	193.61	99.98
Manufacturing	26	33.67	1,821.39	1,855.06	98.18
Power	6	19,786.08	1,459.56	21,245.64	6.87
Service	15	297.34	2,320.90	2,618.24	88.64
Others	4	0.13	84.61	84.74	99.85
Total	**85**	**26,126.16**	**6,205.94**	**32,332.10**	**19.19**

Source: Latest finalised accounts of SPSEs

As can be seen from the above table, the State Government had given loans of ₹ 6,206 crore to SPSEs, which accounted for 19.19 *per cent* of the total loans taken by SPSEs. The remaining loans (₹ 26,126 crore), which accounted for 80.81 *per cent* of the total loans, came from market borrowings, and loans from financial institutions backed by Government guarantees. Against the loans taken from other sources, the Power sector accounted for 75.73 *per cent*, followed by the Finance Sector at 22.84 *per cent.*

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

The figures in respect of equity and loans, as per the 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 in the figures for Equity investment and loans provided to the SPSEs between these two sources.

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 2021-22
	(₹ in crore)		
(1)	(2)	(3)	(4)=(2-3)
Equity	16,734.09	17,011.45	(-)277.36
Loans	9,049.78	6,205.94	2,843.84

Source: Finance Accounts and Information furnished by SPSEs for the year ended March 2022

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 the figures of Equity, in regard to 60 SPSEs and variation of Loan amount figures, in respect of 55 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. Therefore, a company with a high asset coverage ratio is considered to be less risky than a company with a low asset coverage ratio[76]. Asset Coverage Ratio is calculated as ((Total Assets – Intangible Assets) – (Current Liabilities – Short-term Portion of Long-term Debt))/Total Debt. **Table 5.6** shows the Asset Coverage ratio of SPSEs, as on 31 March 2022.

Table 5.6: Asset Coverage ratio of SPSEs as on 31 March 2022

Sector	Nos. of SPSEs	Assets	Intangible assets	Current liabilites	Short Term portion of Long-Term Debts	Long Term Borrowings	Assets Coverage Ratio
		(₹ in crore)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)={(3-4)-(5-6)}/7
Agriculture & Allied	12	1,928.00	2.05	1,659.88	-	184.46	1.44
Finance	10	14,010.13	0.38	2,385.92	-	6,150.34	1.89
Infrastructure	12	8,383.74	0.68	2,548.12	24.02	193.61	30.26
Manufacturing	26	2,177.15	0.04	3,084.76	19.57	1,855.06	(-)0.48
Power	6	88,848.59	1,520.62	39,302.95	4,743.89	21,245.64	2.48
Service	15	10,067.74	2.69	9,704.06	131.92	2,618.24	0.19
Others	4	746.58	0.13	481.06	5.76	84.74	3.20
Total	**85**	**1,26,161.92**	**1,526.59**	**59,166.74**	**4,925.16**	**32,332.10**	**2.18**

Source: Latest finalised accounts of SPSEs

As can be seen from the above, the assets 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. The 'Infrastructure' sector which comprises mainly three SPSEs – WBHIDCL[77], WBHDCL[78] and WBEIDCL[79] had good

[76] Asset Adequacy Ratio is otherwise called Asset Coverage Ratio
[77] West Bengal Housing Infrastructure Development Corporation Limited
[78] West Bengal Highway Development Corporation Limited
[79] West Bengal Electronics Industry Development Corporation Limited

assets coverage ratio of 30.26 followed by 'Others' and 'Power' sectors at 3.20 and 2.48 respectively.

5.8 Budgetary assistance to SPSEs

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

Table 5.7: Budgetary assistance to SPSEs

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		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	6	725.37	2	108.16	2	128.27
(ii)	Loans	25	840.79	10	136.31	12	164.46
(iii)	Grants/Subsidy	20	984.05	19	1,715.95	16	2,043.77
Total Outgo (i+ii+iii)			**2,550.21**		**1,960.42**		**2,336.50**

Source: Latest finalised accounts of SPSEs

The above table indicates that there has been a significant decline in the infusion of equity in SPSEs, by GoWB, during the last three years. Equity infusion has declined from the level of ₹ 725 crore in 2019-20 to ₹ 128 crore in 2021-22. In 2021-22, GoWB has made equity capital infusion of ₹ 13 and ₹ 115 crore in Biswa Bangla Marketing Corporation and WBSEDCL respectively. However, there has been substantial increase in Grants/Subsidy, which have risen from ₹ 984 crore in 2019-20 to ₹ 2,044 crore in 2021-22.

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 01 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, 32 SPSEs earned profit of ₹ 1,197 crore whereas 34 SPSEs had suffered losses of ₹ 1,073 crore during the year 2021-22. Profit earned and Dividend paid by SPSEs, during 2021-22, is shown in **Table 5.8**.

Table 5.8: Profit Earned and Dividend paid by SPSEs during 2021-22

Sector	Working SPSEs	Net Profit/Loss after tax	Dividend paid to GoWB
		(₹ in crore)	
Agriculture & Allied	**11**	6.17	0.00
Finance	**9**	149.10	0.00
Infrastructure	**12**	9.20	0.00
Manufacturing	**10**	(-)186.48	0.00
Power	**6**	575.05	75.79
Service	**14**	(-)515.12	0.00
Others	**4**	86.38	0.55
Total	**66**	**124.30**	**76.34**

Source: Latest finalised accounts of SPSEs

It can be noticed from the above that, in spite of earning net profit of ₹ 124.30 crore by working SPSEs, dividend of ₹ 76.34 crore only (61.42 *per cent* of the profit earned) was received by the Government. The Finance sector which earned profit of ₹ 149.10 crore did not pay any dividend to the Government. Only West Bengal Power Development Corporation Limited and Saraswaty Press Limited had paid dividend of ₹ 75.79 crore and ₹ 0.55 crore, respectively, to the State Government, during 2021-22.

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 2021-22.

Table 5.9: Repayment of Long-term Debt and Interest by SPSEs during 2021-22

Sector	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	41.21	10.00	0.01	143.25	-	-
Finance	5,967.69	-	-	182.65	0.03	-
Infrastructure	0.03	-	-	193.58	0.90	0.13
Manufacturing	33.67	-	6.48	1,821.39	-	69.34
Power	19,786.08	156.76	2,652.50	1,459.56	53.73	367.02
Service	297.34		51.13	2,320.90	50.18	56.10
Others	0.13	-		84.61		0.54
Total	**26,126.16**	**166.76**	**2,710.12**	**6,205.94**	**104.84**	**493.13**

Source: Latest finalised 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 accounted for 77.50 and 94.26 *per cent* respectively, of the total principal and interest amount of loans. SPSEs in the Service sector had, however, paid interest accounting for only 3.35 *per cent*.

5.12 Outstanding loans disbursed by Government in respect of SPSEs

As per the available audited 52 accounts, for the financial years 2005-22 (upto September 2022), pertaining to 85 SPSEs, repayments of ₹ 13,463.65 crore (Principal: ₹ 6,205.94 crore and Interest: ₹ 7,257.71 crore) were in arrears (**Table 5.10**). This assumes significance since 61.18 *per cent* of SPSEs have arrear in repayments. Due to non-availability of accounts of 62 out of 85 SPSEs during 2021-22, a comprehensive position of outstanding repayments could not be arrived at.

Table 5.10: Status of outstanding 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.	2021-22	23	12	1,804.29	1,386.94
2.	2020-21	32	22	3,274.08	4,592.25
3.	2019-20	7	4	484.27	655.25
4.	2018-19	9	4	268.46	431.35
5.	2017-18	6	3	112.59	69.24
6.	2016-17	2	2	122.63	3.48
7.	2015-16	1	1	2.21	6.39
8.	2013-14	1	-	-	-
9.	2011-12	1	1	26.78	25.98
10.	2010-11	1	1	2.34	4.91
11.	2007-08	1	1	26.69	47.43
12.	2005-06	1	1	81.60	34.49
Total		**85**	**52**	**6,205.94**	**7,257.71**

Source: Latest finalised accounts of SPSEs

PSUs of the Power sector, like WBPDCL[80] and DPL[81], stated that cash crunch did not permit them to repay the government loans. DPL also stated that GoWB has approved the conversion of government loan of ₹ 391.69 crore into equity but without waiver of interest of ₹ 447.96 crore. No guarantee commission was paid by WBPDCL and DPL. WBSEDCL had repaid principal of ₹ 5.23 crore and ₹ 1.71 crore as interest, while WBSETCL had repaid ₹ 48.50 crore as principal and ₹ 46.70 crore as interest, during 2021-22, respectively.

[80] West Bengal Power Development Corporation Limited
[81] Durgapur Projects Limited

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 income[82] of all working SPSEs during 2021-22.

Table 5.11: Sector-wise details of Revenue from operations and other income of SPSEs during 2021-22

Sector	Number of Working SPSEs	Turnover/Revenue from Operations	State Government Subsidy	Other Income	Total Revenue	% of Turnover of Total Revenue
		(₹ in crore)				
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)*100
Agriculture & Allied	11	791.67	64.28	90.48	946.43	83.65%
Finance	9	649.83	13.56	168.71	832.10	78.09%
Infrastructure	12	1,353.65	-	120.58	1,474.23	91.82%
Manufacturing	10	183.62	-	28.66	212.28	86.50%
Power	6	39,182.77	797.25	1,029.39	41,009.41	95.55%
Service	14	17,470.04	781.25	218.85	18,470.14	94.59%
Others	4	789.23	-	7.05	796.28	99.11%
Total	**66**	**60,420.81**	**1,656.34**	**1,663.72**	**63,740.87**	**94.79%**

Source: Latest finalised 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 78.09 to 86.50 *per cent* of their total revenue, in comparison to other sectors like Infrastructure, Power and Service, which contributed around 92 to 99 *per cent*. Out of 66 working SPSEs, 11 had no revenue from operations, indicating that their core activities had been discontinued. This included three from each of the Infrastructure & Service sectors, two from the Manufacturing sector and one each from the Agriculture, Finance and Power sectors. The Power and Service sectors have received a significant portion of subsidy, accounting for 48 and 47 *per cent* of the total amount of subsidy disbursed. In the Service sector, a major portion of the subsidy was given to five transport corporations[83].

---

[82] Operating Income is also known as "Revenue from Operations/ Turnover" and Non-operating income refers to "Other Income".

[83] (i) Calcutta State Transport Corporation, (ii) Calcutta Tramways Company Limited, (iii) South Bengal State Transport Corporation, (iv) North Bengal State Transport Corporation and (v) West Bengal Surface Transport Corporation Limited

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.

Capital Employed is the total amount of money invested in the business of a Company. It is calculated as Total assets *minus* current liabilities or Shareholders' Equity *plus* Long-term Liabilities. Negative Capital Employed refers to a situation where the current liability of a company is more than its total assets.

Details of ROCE of the working SPSEs, during 2021-22, are depicted in **Table 5.12**.

Table 5.12: Return on Capital Employed of working SPSEs during 2021-22

Sector	No. of Working SPSEs	EBIT	Capital Employed	ROCE
		(₹ in crore)		(in *per cent*)
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	83.54	382.20	21.86
Finance	9	496.62	9,273.17	5.36
Infrastructure	12	57.29	2,932.99	1.95
Manufacturing	10	(-)90.53	(-)503.36	-
Power	6	5,171.02	38,071.51	13.58
Service	14	(-)118.96	(-)4,702.59	-
Others	4	132.41	263.76	50.20
Total	**66**	**5,731.39**	**45,717.69**	**12.54**

Source: Latest finalised accounts of SPSEs

Note: ROCE in respect of Manufacturing and Service sectors could not be worked out as their capital employed are negative.

5.15 Return on Equity by SPSEs

Return on equity (ROE) is a measure of financial performance, to assess how effectively management is using shareholders' funds to earn profits and is calculated by dividing the 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 shareholders' equity means that liabilities exceed assets. It is also known as net worth. If the accumulated loss of a company is more than its share capital, its shareholder's fund is negative.

Sector-wise RoEs, computed in respect of all working SPSEs, as per their latest audited financial accounts, are detailed in **Table 5.13**.

Table 5.13: Return on Equity

Sector	No. of Working SPSEs	Net Profit/ Loss after tax	Shareholders fund[84]	ROE
		(₹ in crore)		(in *per cent*)
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	6.17	305.46	2.02
Finance	9	149.10	3,127.64	4.77
Infrastructure	12	9.20	2,739.38	0.34
Manufacturing	10	(-)186.48	(-)1,272.07	-
Power	6	575.05	16,825.87	3.42
Service	14	(-)515.12	(-)7,304.49	-
Others	4	86.38	179.02	48.25
Total	**66**	**124.30**	**14,600.81**	**0.85**

Source: Latest finalised accounts of SPSEs
Note: ROE in respect of Manufacturing and Service sectors could not be worked out as their Shareholders' fund were negative.

The highest Return on Equity of SPSEs was in the sector 'Others'. This was due to the good performance of two SPSEs, namely (i) Saraswaty Press Limited and (ii) West Bengal Text Books Corporation Limited *(Subsidiary of Saraswaty Press Limited).*

5.16 SPSEs incurring losses

Sector-wise details of working SPSEs which had incurred losses, as per their last audited accounts, are detailed in **Table 5.14**.

Table 5.14: SPSEs incurring losses as per last audited accounts

Sector	No. of working SPSEs which had incurred losses	Profit/Loss after tax (₹ in crore)
(1)	(2)	(3)
Agriculture & Allied	5	(-)50.72
Finance	4	(-)17.71
Infrastructure	3	(-)58.98
Manufacturing	9	(-)188.21
Power	2	(-)207.05
Service	9	(-)535.28
Others	2	(-)15.16
Total	**34**	**(-)1,073.11**

Source: Latest finalised accounts of SPSEs

[84] Represents 'Paid-up share capital' *plus* 'free reserves and surplus' *minus* 'accumulated losses' *minus* 'deferred revenue expenditure'.

It was observed that SPSEs which had incurred significant losses were WBSEDCL (₹ 205 crore), CSTC[85] (₹ 194 crore) and WBTC[86] (₹ 90 crore).

5.17 Dues of Power Distribution Companies (DISCOMs) towards the Power Generation Companies (both Central and State Generation Companies)

Electricity is a rate regulated business. The business of electric power generation and supply in the State of West Bengal is mainly carried out by the West Bengal Power Development Corporation Limited (WBPDCL), with the West Bengal State Electricity Distribution Company Limited (WBSEDCL) carrying out the business of distribution and hydro generation of electricity. The West Bengal State Electricity Transmission Company Limited (WBSETCL) is responsible for transmitting electricity from generating sources to load centers, through a transmission network operating across West Bengal.

The outstanding dues payable to WBPDCL, DPL[87], PGCIL[88], WBSETCL, in the "Trade Payable" head under "Current liabilities", in the books of WBSEDCL, during the last three years, have been shown in **Table 5.15.**

Table 5.15: Outstanding dues payable towards the Power Generation and Transmission Companies

Liability towards power dues	2019-20	2020-21	2021-22	Average payable in last 3 years
	(₹ in crore)			
Liability for purchase of power (WBPDCL & DPL)	6,116.04	9,332.13	7,349.52	7,599.23
Liability for Transmission of Power- PGCIL	215.24	208.71	154.52	192.82
Liability for Transmission of Power-WBSETCL	225.34	626.55	572.02	474.64

Source: Accounts of WBSEDCL

As can be seen from the above, average dues of ₹ 7,599 crore were payable to the Power Generating Companies (WBPDCL & DPL) in the last three years. At the end of 2021-22, the outstanding dues to Power Generating Companies stood at ₹ 7,350 crore. The ageing schedule of Trade payables, in the annual accounts of WBSEDCL for 2021-22, indicated that the outstanding dues, for more than one year, were ₹ 3,415 crore.

Since Electricity business is rate-regulated, the annual tariffs (or rates) are notified in advance by the West Bengal Electricity Regulatory Commission (WBERC) before commencement of each year. They are which are subsequently reviewed through Annual Performance Reviews (APRs) and adjusted in future years. Based on WBERC notified regulations and past tariff/APR orders, WBSEDCL estimates the quantum of Regulatory Assets (RAs) to be reflected in

[85] Calcutta State Transport Corporation
[86] West Bengal Transport Corporation
[87] Durgapur Projects Limited
[88] Power Grid Corporation of India Limited

its financial statements. It is pertinent to mention that the APRs of WBSEDCL have been pending with WBERC, since 2018-19, as on 31 March 2022. WBERC has increased average tariff in the past eight years from ₹ 6.56 per unit in 2014-15 to ₹ 7.12 per unit in 2021-22 i.e. an increase of 56 paisa per unit. The amounts admitted by WBERC and their recovery through the tariff mechanism have not been commensurate with the claims booked by WBSEDCL, which has resulted in accumulation of Regulatory Assets (RAs) in every successive year. As on March 2022, WBSEDCL has accumulated RAs of ₹ 18,330 crore, the recovery of which, either through the tariff mechanism, or from Government Grants is uncertain. Government of West Bengal had also intimated (July 2021) WBERC that the current scale of regulatory receivables, of WBSEDCL, was so large that it was beyond their means to liquidate the RA as they had done before.

The financial position of WBSEDCL, at the end of 31 March 2022, has been shown in **Table 5.16**.

Table 5.16: Financial position of WBSEDCL as on 31 March 2022

Sl. No.	Particulars	Amount (₹ in crore)
1.	WB State Govt equity	2,480.89
2.	Reserve & Surplus/Other Equity	419.22
3.	Total Shareholders' Funds/Net Worth (1+2)	2,900.11
4.	Long Term Borrowings from WB Govt	93.65
5.	Stake of West Bengal Government in WBSEDCL (3+4)	2,993.76
6.	Long Term Borrowings other than WB Govt	9,554.14
7.	Turnover/Revenue from Operation	26,667.05
8.	Profit/Loss after tax	(-) 205.37
9.	Guarantee on loans by WB Govt upto 2021-22	2,233.34
10.	WB govt subsidy/Grants-in-Aid during 2021-22	741.27

Source: Accounts of WBSEDCL

On review of its loan book, it was observed that WBSEDCL has Non-Convertible Redeemable Bonds of ₹ 998 crore secured by hypothecation of Fixed Assets, 8.5 % Pension Trust Bonds 2016 of ₹ 1,173 crore against State Government Guarantee and Loans from Power Finance Corporation (PFC), Rural Electrification Corporation Limited (RECL), West Bengal Infrastructure Development Finance Corporation Limited (WBIDFCL), Bank of Baroda and Government of West Bengal, amounting to ₹ 7,477 crore.

Thus, recovery of the Regulatory Assets of ₹ 18,330 crore seems remote. Further, WBSEDL has outstanding loans of ₹ 9,648 crore, secured by its Fixed Assets and State Government Guarantees.

5.18 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 5.17** indicates the total paid-up capital, total free reserves, total surpluses and total accumulated losses of those SPSEs, whose net worth had turned negative.

Table 5.17: Sector wise details of SPSEs having negative Net Worth

Sector	No. of SPSEs	Paid up Capital	Free Reserves	Reserve & Surplus	Shareholders' Funds/Net Worth
		(₹ in crore)			
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)
Agriculture & Allied	3	67.29	-	(-)661.54	(-)594.25
Finance	2	51.96	-	(-)168.58	(-)116.62
Manufacturing	21	406.82	11.14	(-)4,377.10	(-)3,959.14
Power	3	1,820.38	-	(-)3,566.41	(-)1,746.03
Service	7	53.81	751.24	(-)8,788.55	(-)7,983.50
Others	2	0.99	-	(-)227.47	(-)226.48
Total	**38**	**2,401.25**	**762.38**	**(-)17,789.65**	**(-)14,626.02**

Source: Latest finalised accounts of SPSEs

As can be seen from **Table 5.17**, the manufacturing sector has the maximum number of SPSEs with negative net worth, while the Service sector, which comprises of Transport Companies, has the highest value of negative net worth. The SPSEs which had highest negative net worth were (i) CSTC (₹ 2,892 crore) (ii) WBTCL[89] (₹ 2,674 crore) and (iii) Durgapur Projects Limited (₹ 1,743 crore).

Moreover, all 38 SPSEs had entirely eroded their net worth and depended on the Government for funding. Hence, the loanees were not in a position to generate enough revenue to repay the principal and interest accrued thereon. This should have been considered by the loan sanctioning authorities before sanctioning the loans.

5.19 Erosion of Net Worth of SPSEs

As on 31 March 2022, there were 38 SPSEs whose net worth had eroded and turned negative (***Appendix 5.2***). In respect of these SPSEs, the State Government had extended equity and loans of ₹ 2,382 crore and ₹ 4,107 crore respectively. Against these SPSEs, upto 2020-21, the net worth had eroded and turned negative for 37 SPSEs. Even though 37 SPSEs had negative net worth, the State Government provided loans of ₹ 161 crore to 11 of these SPSEs in 2021-22. Further, out of the 11 SPSEs, only three SPSEs had finalised their accounts upto 2021-22. In regard to the remaining eight SPSEs, whose net worth had turned negative, annual accounts had been finalised only upto 2018-19 to 2020-21.

[89] West Bengal Transport Corporation Limited

Delays in this regard ranged between one and three years. Even in the absence of accounts to assess the demands for financial support, the State Government had extended loans to eight SPSEs. Since the Companies have negative net worth, it is doubtful whether the State Government loans of ₹ 4,107 crore can be recovered.

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

5.20 Audit of State Public Sector Enterprises (SPSEs)

The audit of Government Companies is governed by the 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 a company, if considered necessary. The provisions of Section 19A of the Comptroller and Auditor General'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 nine[90] Statutory Corporations and WBERC. Although CAG is not the statutory auditor, it prepares Separate Audit Reports (SAR) for the West Bengal Financial-Corporation, and prepares supplementary reports on the West Bengal Warehousing Corporation.

5.21 Appointment of Statutory Auditors of SPSEs by CAG

The financial statements of Government Companies are audited by Statutory Auditors, appointed by CAG, as per the provisions of Sections 139(5) or 139(7) of the Act, as applicable, who are required to submit copies of their audit reports, 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.

5.22 Submission of Accounts by SPSEs

According to section 394 of the Companies Act 2013, an 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

[90] CAG is not the Sole auditor of the Corporations - The Great Eastern Hotel Authority, West Bengal Financial Corporation, West Bengal Warehousing Corporation under the provisions of the applicable statutes.

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 an AGM of the shareholders, once in every calendar year. It also states 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 its consideration.

Section 129(7) of the Companies Act, 2013, also provides for levy of penalty, such as 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 the above, the annual accounts of various SPSEs were pending, and were in arrears, as on 30 September 2022, as discussed in **Paragraph 5.23**.

5.23 Timeliness in preparation of Accounts by SPSEs

Accounts for the year 2021-22 were required to be submitted, by all the 85 SPSEs, by 30 September 2022. Details of arrears in submission of accounts of all SPSEs, as of 30 September, during the last five financial years, ending 31 March 2022, are given in **Table 5.18**.

Table 5.18: Details of arrears in submission of accounts of all SPSEs

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
2021-22	23	26	32	35	16	43	8	31	6	65	62	174

Source: Accounts of SPSEs

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

Financial Reporting Framework

Companies are required to prepare their 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 the National Advisory Committee on accounting standards. 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 Acts governing such Corporations.

5.25 Audit of Accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG, under Section 139 of the Companies Act 2013, are required to conduct audit of accounts of government companies and submit their reports 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 power 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.

5.26 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 Acts, 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 the Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit their audit report to the CAG, under Section 143 of the Companies Act, 2013.

The certified accounts of selected government companies, along with the reports 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.

5.27 Result of CAG’s oversight role

Audit of Accounts of SPSEs

During 2022-23, 66 working Companies/Corporations had forwarded 75 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 44 accounts of 36 companies was conducted upto October 2022. Non-review certificates (NRCs) were issued against 30 accounts of 30 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 5.19**.

Table 5.19: Gist of significant comments on the accounts of the SPSEs issued from 01.04.2021 to 31.03.2022

Name of SPSEs	Year of audit	Significant observations
West Bengal Power Development Corporation Limited	2020-21	The Company does not present Regulatory Assets (RAs) as a separate line item in the financial statements, distinguishable from assets as required under Ind AS 114. Instead, the Company classifies RAs as FLCR (Fuel Cost Recoverable) - ₹ 3,707.63 crore & FDCR (Fixed Cost Recoverable) - ₹ 2,695.86 crore aggregated to ₹ 6,403.49 crore under Other Current Assets. RAs are required to be recovered through (i) fuel and power purchase cost adjustment in respect of FLCR, and (ii) annual performance review (APR) in respect of FDCR. West Bengal Electricity Regulatory Commission (WBERC) had increased average tariff in the past six years from ₹ 3.27 per unit in 2014-15 to ₹ 4.04 per unit in 2019-20, *i.e., an average annual increase of 15 paisa per unit.* However, amounts admitted by WBERC and their recovery through tariff mechanism has not been commensurate with the claims booked by the Company, resulting in increasing amounts of RAs recoverable in every successive year. Besides, the State Government has intimated (July 2021) to WBERC that current scale of regulatory receivables was so large that it was beyond their means to liquidate RAs as they had done before. Recovery of aggregate accumulated RAs of ₹ 6,403.49 crore, either through tariff mechanism or from Government grants, is uncertain. Therefore, the depiction of RAs in the financial statements as receivables appears not reasonable.
West Bengal State Electricity Distribution Company Limited	2020-21	The Company has recognised Regulatory Assets (RAs) of ₹ 19,580.57 crore without reasonably considering past trends of tariff fixation by West Bengal Electricity Regulatory Commission (WBERC). it had not revised the rate of Monthly Variable Cost Adjustment (MVCA) since 2016 contrary to WBERC's directions. The State Government has also expressed their inability to liquidate RAs. The recovery of aggregate accumulated RAs of ₹ 19,580.57 crore either through tariff mechanism or from Government grants is uncertain. Therefore, the depiction of RAs of ₹ 19,580.57 crore in the financial statements as receivables appears not reasonable.
South Bengal State Transport Corporation	2018-19	SBSTC facilitates online advance booking of tickets to the passengers. On receipt of advance from booking Agents, SBSTC permits them to sell day/advance tickets to travellers within the limits of such advance. During March 2019, 7,519 tickets were issued to passengers by the booking agents where the date of journey was scheduled to be performed by the passengers in the month of April 2019. Since the service was to be rendered subsequent to the accounting period 2018-19, the said revenue should not have been booked as income in the year 2018-19 as it relates to the income for the year 2019-20. It had resulted in overstatement of Traffic Revenue and understatement of Current Liabilities by ₹ 15.16 lakh each.

Name of SPSEs	Year of audit	Significant observations
South Bengal State Transport Corporation	2018-19	The assets of the SBSTC under Computers comprised of end users devices like desktops, laptops, printers, *etc*. SBSTC had charged depreciation on computers at 10 *per cent* rate following straight line method without any valid basis instead of 33.33 *per cent* as stated in the Companies Act, 2013. As such, the depreciation on Computers was undercharged by ₹ 32.55 lakh during the year 2018-19. The same has resulted in overstatement of 'Fixed Assets' and understatement of 'Depreciation' by ₹ 32.55 lakh each.
West Bengal Infrastructure Development Finance Corporation Limited	2020-21	The company did not recognise the Income Tax refund of ₹ 4.20 crore *(including of interest of ₹ 0.38 crore)* as per the assessment order (13 November 2019) received from Income Tax Department in contrary to the significant accounting policies & Notes to Accounts, which inter-alia states that *Current Tax Assets and Liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the Taxation Authorities.* It has resulted in understatement of Other Equity by ₹ 0.38 crore, understatement of Receivables by ₹ 4.20 crore and overstatement of Current Tax Assets by ₹ 3.81 crore.
West Bengal Financial Corporation	2020-21	The company did not make provision of ₹ 0.69 crore in respect of outstanding dues of two defaulting loanees to whom doubtful advances were not covered fully by the realizable value of security as ascertained by the empanelled valuers of the Company on valuation of the movable and/or immovable properties of the defaulters, in pursuance of the Clause 5.3 of the Master Circular of RBI-Prudential Norms on Income Recognition, Assets Classification and Provisioning pertaining to Advances resulting in understatement of Other Non-Current Assets and consequent understatement of Loss by ₹ 0.69 crore.
West Bengal Medical Services Corporation Ltd.	2019-20	The company did not account for ₹ 35.71 lakh of Management fees receivable on different Running Account bills of ₹ 892.77 lakh in respect of construction works executed during 2019-20 and bills received in the same year; however the payment of bills were made in subsequent year resulting in understatement of Other Current Assets and Profit by ₹ 35.71 lakh.
West Bengal Police Housing and Infrastructure Development Corporation Ltd.	2020-21	Other Current liabilities were understated by ₹ 1.71 crore due to non-provision of the value of works either measured or completed but not paid within 31 March 2021, resulting in understatement of Inventories (WIP) by ₹ 1.71 crore.

5.28 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 the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. During the course of supplementary audit, CAG observed that some companies had not complied with the Accounting Standards/Indian ASs, as shown in **Table 5.20**.

Table 5.20: Non-Compliance with the Accounting Standards/Indian Accounting Standards

Accounting standard/IND AS	Name of the Corporation	Year	Deviation
AS -12	Calcutta State Transport Corporation	2018-19	The Company booked ₹ 21,629.35 lakh as Operating Revenue which was not in line with AS-12 since the same was received by way of Government Grants during 2018-19. Therefore, operating revenue was overstated to the tune of ₹ 21,629.35 lakh with corresponding understatement of Non-Operating Revenue.
AS -13	Calcutta State Transport Corporation	2018-19	Inclusion of Security Deposit of ₹ 40.86 lakh under 'Investment' was not in consonance with AS-13 as the same was not held by CSTC for earning income by way of dividend, interest and rental for capital appreciation.
AS- 14	West Bengal Livestock Development Corporation Ltd.	2019-20	As per AS-14, Goodwill arising on amalgamation is to be amortized over a period not exceeding five years. It was observed that Goodwill of ₹ 503.98 lakh, so arisen, on amalgamation (w.e.f. 1 April 2018), had not been amortized (1/5th per year) by the company during the years 2018-19 and 2019-20. It had resulted in understatement of Other Expenses (Amortisation) by ₹ 201.60 lakh (₹ 100.80 lakh each in 2018-19 (prior period) and 2019-20 (current period) with corresponding overstatement of Goodwill to the same extent.

5.29 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 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 relate to the 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 managements of the concerned SPSEs had given assurances that corrective action would be taken in the subsequent year.

As per latest finalised accounts, as on 30 November of the respective years, 'management letters' were issued to four SPSEs, as shown in **Table 5.21**.

Table 5.21: List of SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Year of Accounts Finalised)
1	West Bengal Medical Services Corporation Limited (2021-22)
2	Electro Medical and Allied Industries Limited (2020-21)
3	West Bengal Scheduled Castes, Scheduled Tribes & Other Backward Classes Development & Finance Corporation (2021-22)
4	West Bengal State Beverages Corporation Limited (2020-21)

5.30 Recommendations

1. *The State Government and the SPSEs concerned may 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.*
2. *The State Government may review the SPSEs whose Net Worth have been eroded and take appropriate decision on their revival/winding up.*
3. *The Administrative departments overseeing the SPSEs, having backlog of Accounts, may take concerted efforts to ensure that the SPSEs finalise and adopt their Accounts within the stipulated time.*

Kolkata
The 30 MAR 2023

(SATISH KUMAR GARG)
Principal Accountant General
(Audit-I)
West Bengal

Countersigned

New Delhi
The 5 APR 2023

(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 2022 (All India = 137.56 crore)^	9.86 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 = 28 per 1,000 live births)	19
7.		Life Expectancy at birth*** (All India Average = 70.00 years)	72.30 years
8.		Gini Coefficient$ (All India = 0.36)	
9.		Human Development Index@@	
	a.	2020 (All India Average = 0.642)	---
	b.	2021 (All India Average = 0.633)	---
10.		Gross State Domestic Product (GSDP) 2021-22 at current prices$	₹ 15,36,681 crore
11.		Per capita GSDP (Per capita GDP of India = ₹ 1,72,913)	₹ 1,56,160
12.		Per capita GSDP CAGR (2012-22) (All India = 6.84 *per cent*)&	11.53 *per cent*
13.		GSDP CAGR (2012-22) (All India = 10.11 *per cent*)&	11.19 *per cent*
14.		Population Growth (2012-22) (All India = 12.12 *per cent*)^	7.14 *per cent*

B. Financial Data

Sl. No.	Particulars	2019-20 to 2020-21		2020-21 to 2021-22	
	Growth Rate (in *per cent*)	General States	West Bengal	General States	West Bengal
a.	of Revenue Receipts	(-)4.12	3.83	25.60	20.06
b.	of Own Tax Revenue	(-)4.06	(-)0.63	25.62	17.91
c.	of Non-Tax Revenue	(-)34.63	61.78	45.46	(-)67.49
d.	of Total Expenditure	4.99	7.46	13.96	18.38
e.	of Capital Expenditure	(-)2.54	(-)18.39	28.19	34.14
f.	of Revenue Expenditure on Education	(-)0.90	11.98	11.47	5.97
g.	of Revenue Expenditure on Health	15.29	17.16	19.71	31.44
h.	of Salary and Wages	2.83	16.66	11.23	4.80
i.	of Pension	6.48	22.52	11.88	24.69
j.	of Subsidies	10.77	27.48	18.29	34.60

@*Office of the Registrar General and Census Commissioner, Government of India*
#*Census 2011*
**Ministry of Statistics and Programme Implementation*
***SRS Bulletin*
****SRS Abridged Life Tables 2016-20, Page No. 6*
$*For GSDP, the information as available in the Budget Estimates 2022-23, Govt. of West Bengal*
^ *Population Projections by National Commission on Population, Ministry of Health & Family Welfare*
&*National Statistics Office, Ministry of Statistics & Programme Implementation*

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	2017-18	2018-19	2019-20	2020-21	2021-22
		(₹ in crore)				
Part A. Receipts						
1	Revenue Receipts	131270	145975	142914	148394	178159
(i)	Own Tax revenue	52721	60732	60669	60287	71082
(a)	Goods and Service Tax	14964	27067	27307	26013	31271
(b)	Taxes on Agricultural Income	7	1	1	0	0
(c)	Taxes on Sales, Trade, etc.	12999	7813	7161	9394	9951
(d)	State Excise	9340	10622	11232	10666	13542
(e)	Taxes on Vehicles	2317	2563	2601	2336	2647
(f)	Stamps and Registration Fees	5261	5620	6026	5528	7366
(g)	Land Revenue	2875	2847	2728	2756	2743
(h)	Other taxes	4958	4199	3613	3594	3562
(ii)	Non-Tax Revenue	3117	3657	3213	5198	1690
(iii)	State's share of Union taxes and duties	49321	55776	48048	44737	65541
(iv)	Grants-in-Aid from GoI	26111	25810	30984	38172	39846
2	Misc. Capital Receipts	0	692	0	0	0
3	Recovery of Loans & Advances	214	804	67	150	58
4	Non-debt receipts (1+2+3)	131484	147471	142981	148544	178217
5	Public Debt Receipts	45743	70197	75699	75429	77581
(i)	Internal Debt	43718	69019	73682	68999	69066
(a)	Internal Debt (excluding Ways and Means Advances and Overdrafts)	38323	44014	57822	60844	68873
(b)	Ways and Means Advances and Overdrafts	5395	25005	15860	8155	193
(ii)	Loans and Advances from GoI	2,025	1178	2017	6430	8515
6	Total receipts in the Consolidated fund (4+5)	177227	217668	218680	223973	255798
7	Contingency Fund Receipts	0	0	0	12	0
8	Public Account Receipts	202108	232785	229078	242473	279489
9	Total Receipts of the State (6+7+8)	379335	450453	447758	466458	535287
Part B. Expenditure/ Disbursement						
10	Revenue Expenditure	141077	156374	162575	177921	210159
	Plan	37515	0	0	0	0
	Non-Plan	103562	0	0	0	0
	General Services (including Interest Payments)	52416	56865	61931	70684	78495
	Social Services	59591	68764	73089	78847	102475
	Economic Services	28582	30256	27105	27941	28835
	Grants-in-Aid and contribution	488	489	450	449	354

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
		(₹ in crore)				
11	Capital Expenditure	19368	23717	15971	13034	17484
	Plan	19373	0	0	0	0
	Non-Plan	-5	0	0	0	0
	General Services	1003	927	748	546	545
	Social Services	7606	7324	5439	3950	7437
	Economic Services	10759	15466	9784	8538	9502
12	Disbursement of Loans & Advances	-31	865	1266	2277	1102
13	Total (10+11+12)	160414	180956	179812	193232	228745
14	Repayment of Public Debt	25011	45786	40413	26890	31540
	Internal Debt	24010	44733	39282	25446	30218
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	18615	19728	23422	17291	30025
	Ways and Means Advances and Overdrafts	5395	25005	15860	8155	193
	Loans and Advances from GoI	1001	1053	1131	1444	1322
15	Appropriation to Contingency Fund	0	0	0	0	0
16	Total Disbursement out of Consolidated Fund (13+14+15)	185425	226742	220225	220122	260285
17	Contingency Fund Disbursements	1	1	11	7	52
18	Public Accounts Disbursements	197543	224962	219463	239748	274594
19	Total disbursement by the state (16+17+18)	382969	451705	439699	459877	534931
Part C. Deficits						
20	Revenue Deficit (1-10)	-9807	-10399	-19661	-29527	-32000
21	Fiscal Deficit (4-13)	-28930	-33485	-36831	-44688	-50528
22	Primary Deficit (21-23)	-856	-4574	-5163	-10906	-13856
Part D. Other data						
23	Interest Payment	28074	28911	31668	33782	36672
24	Arrears of Revenue	NA	NA	NA	NA	NA
25	Financial Assistance to Local Bodies etc.	54965	57589	61622	63131	79966
26	Ways and Means Advances/Overdrafts availed (days)	22	149	107	56	1
27	Interest on WMA/Overdrafts	1	21	11	3	0
28	GSDP (At current prices)	974700	1102283	1207823	1301017	1536681
29	Outstanding Fiscal Liabilities (year-end)	360961	393300	433475	486430**	536478**
30	Guarantees including interest	8570	6623	8212	7821	16,885
	Outstanding Guarantees (year-end) (Principal)	8545	6593	8178	7728	16885
	Outstanding Guarantees (year-end) (Interest)	25	30	34	93	0
31	Maximum amount guaranteed	15034	16050	14228	15292	15129
32	Number of Incomplete Projects	NA	NA	NA	NA	NA
33	Capital blocked in incomplete projects	NA	NA	NA	NA	NA
Part E. Fiscal health Indicators						

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
		(₹ in crore)				
I.	**Resource Mobilisation**					
34	Own Tax Revenue/GSDP	0.054	0.055	0.050	0.046	0.046
35	Own Non-Tax Revenue/GSDP	0.003	0.003	0.003	0.004	0.001
36	Central Tax/GSDP	0.051	0.051	0.040	0.034	0.043
II.	**Expenditure Management**					
37	Total Expdr./GSDP (%)	16.46	16.42	14.89	14.85	14.89
38	Total Revenue Expdr./Receipts (%)	107.47	107.12	113.76	119.90	117.96
39	Revenue Expdr./Total Expdr. (%)	87.95	86.42	90.41	92.08	91.87
40	Expdr. on Social Service (Total)	67374	76462	78983	84804	110207
41	Expdr. on SS/TE (%)	42.00	42.25	43.93	43.89	48.18
42	Expdr. on Eco. Service (Total)	39131	46212	37697	36677	39143
43	Expdr. on ES/TE (%)	24.39	25.54	20.96	18.98	17.11
44	CE/ TE (%)	12.07	13.11	8.88	6.75	7.64
45	CE on Social and Eco. Service	18365	22790	15222	12488	16939
46	CE on SS and ES/TE (%)	11.45	12.59	8.47	6.46	7.41
III.	**Management of Fiscal Imbalances**					
47	Revenue Deficit/GSDP (%)	1.01	0.94	1.63	2.27	2.08
48	Fiscal Deficit/GSDP (%)	2.97	3.04	3.05	3.43	3.29
49	Primary Deficit/GSDP (%)	0.09	0.41	0.43	0.84	0.90
50	Revenue Deficit/Fiscal Deficit (%)	33.90	31.06	53.38	66.07	63.33
51	Primary Revenue Balance	18267	18512	12007	4255	4672
52	Primary Revenue Balance/GSDP	0.019	0.017	0.010	0.003	0.003
IV.	**Management of Fiscal Liabilities**					
53	Fiscal liabilities/GSDP (%)	37.03	35.68	35.89	37.05#	34.49#
54	Fiscal Liabilities/RR (%)	274.98	269.43	303.31	324.81#	297.52#
55	Debt Receipts (Total)	127580	161383	181007	186034	197690
56	Debt Payment (Total)	104301	129044	140832	133079	147642
57	Total Debt Redemption (Principal + Interest)	132375	157955	172500	166861	184314
58	Debt Redemption(Principal+Interest)/ Total debt receipts	1.04	0.98	0.95	0.90	0.93
V.	**Other Fiscal health Indicators**					
59	Return on Investment (in *per cent*)	0.25	0.28	0.45	0.01	0.05
60	BCR (₹ in crore)	1797	NA*	NA*	NA*	NA*
61	Financial Assets/ Liabilities	0.35	0.38	0.39	0.39	0.39
62	IP/ RR	21.39	19.81	22.16	22.77	20.58

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 and ₹ 5,30,053 crore as GST compensation of ₹4,431 crore and ₹ 6,425 crore given to the State during 2020-21 and 2021-22 respectively 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 and ₹ 6,425 crore during 2020-21 and 2021-22 respectively, 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 in inoperative PD Accounts for periods exceeding two years

Sl. No.	Scheme description	Amount (in ₹)
District Magistrate, Bankura		
1	Purchase of Computer Articles	4,18,730
2	BRGF Fund	12,19,375
3	Annapurna Scheme	1,21,833
4	Computer Articles	23,518
5	Renovation of Circuit House	51,490
6	WBPCB	1,47,879
7	Renovation of Circuit House	19,36,640
8	District Youth Affairs Bankura	1,64,445
9	Adhikar under Special BRGF	1,18,82,500
10	DICO(District Industry Centre)	1,64,000
11	Activities for Industry	89,268
	Total	**1,62,19,678**
District Magistrate, Purba Bardhaman		
1	Post Matric Scholarship to SC	5,37,395
2	Entrepreneurship Development	75,000
3	Repair of Educational Intuitions	5,88,504
	Total	**12,00,899**
District Magistrate, South 24 Parganas		
1	Disablity pension (DSW)	18,000
2	RTO (Exgratia grant)	50,000
3	ADM (LR)	8,00,000
4	ICDS	4,44,30,757
5	DCF&S	32,913
6	Cancelled cheque	89,958
7	Bonded Labour Rehabilitation	8,00,000
8	R.T.I. Application fees	670
9	District Health (DHFW)	5,47,871
10	E- PRADHAN	500
11	MD WBMDFS	5,00,000
12	Legal Dues	1,01,390
13	RTO	3,00,000
14	FCI Rice	3,18,58,420
15	Honorarium to MSK, Boundary wall for graveyards, Minority Hostels, Minority, MA & Incentive for girls student	2,65,55,437
	Total	**10,60,85,916**

Sl. No.	Scheme description	Amount (in ₹)
District Magistrate, North 24 Parganas		
1	Upgradation of NRDMS & District Plan	13,464
2	Decentralize of resource mobilization of distirct	1
3	Seminar & Awareness Generating Programme	20,37,435
4	Census-2011	19,33,474
5	Hiring Charge of vehicle	2,194
6	Yatra Utsav	1,44,805
7	National Electoral Roll Purification Programme	5
8	Minority Additional Class Room, Madrasah, Incentive etc.	25,47,705
9	Contingency for Monitoring Committee	2,00,000
10	Morgue	2,00,000
11	E-Governence- Sevottam	17,02,608
12	Geetanjali for Dwelling units for Minorities	1,25,250
13	Kanayasree	2,258
14	Computer for RTO office	7,626
15	For installation of Computers & construction of R.T. Office, Barasat	13,711
16	Value of Tender Form	1,000
17	Swawlamban	17,34,732
18	Admistration/SHG/RTC	1,54,21,259
19	Sports	20,064
20	Minority Bhavan	20,06,576
21	Special Scheme for Aila affected areas	56,25,541
22	National Live Stock Health and Diseases Control	8,50,000
23	For Infrastructural Development of the District and for residential qtrs. of DM/ADMs/SDOs	4,05,46,139
24	For training of Collectorate Staff	3,51,229
25	Honorarium & Contingency of Awareness Generating Programme	1,07,01,369
26	Observation of Environment Day	4,465
27	Honorarium to employees & Sup. of 6th Economic Census	23,381
28	ATI Training	36,000
29	RTC Training	1,30,771
30	W.B.M.D.F.C	32,916
31	International Disability day	40,000
32	Computer for JM Section	86,668
33	Pre Matric Scholarship	32,000
34	Girls incentive	4,83,600
35	Exgratia Grant for Sree Nagar (Kashmir)	1,00,000
36	Compensation for car accident	20,000
37	SHG & SE	1,99,053
38	MSDP for Minorities	21,28,962
39	Dist Election fund	38,72,237
40	W.B. Pollution Control Board	3,02,87,790

Sl. No.	Scheme description	Amount (in ₹)
41	Panchayat Election-2018	2,292
42	Aamar Fasal Aamar Gola	18,920
43	ELC activities	66,172
44	District Library	1,00,000
	Total	**12,49,53,672**
District Magistrate, Hooghly		
1	Incentive For Poor Girl Students Class Of Madrasah XI To XII (75) -1256	1,36,800
2	Incentive for poor girl students Class IX to X	22,800
3	Spcl. Compensation Camp of DSWO	17,325
4	Conducting the Programme' No Horn Week' - 2014	25,088
5	EWS- Gitanjali-15/2014-15-(166)	2,80,000
6	Purchasing Computer paper for Try - II - 1395	30,008
7	Procurement and Distribution of Potato -2014 - 2015(Strengthening & Supervision of Cold storage	50,656
8	Establiste of Tertiary G C P S in Hooghly District (State Share)-20209	12,23,326
9	Establiste of Tertiary G C P S in Hooghly District (Central Share)-20210	11,85,236
10	Establishment of GCP Network under NLRMP Scheme	20,58,600
11	Exgratia Payment for Relief to Victims/Family of Victims Caused by Vehicle	12,00,000
12	Road safety awareness etc. programme of the Hooghly District	3,754
13	Muktidhara Project	6,581
14	Planning Statistics & Programme Monitoring (Planning) for F.Y- 2017-2018	5,74,000
15	Allotment of Panchayat Election 2017- 2018	288
16	Strengthening of Computer set up of R.T.O's & A.R.T.O's 2017-2018	3,375
17	Fund for Banner	3,937
18	Training for Disaster Management	5
19	W. B. Commission for Women	330
	TOTAL	**68,22,109**
District Magistrate, Purba Medinipur		
1	Census	25,002
2	Honorarium of Minority MSS/SS/MSK	5,71,790
3	Literacy Programme	99,051
4	Natural Fibre Mission	2,96,661
5	Other Charge/Other Expenditure/Wages	1,250
6	Cost of Honorarium to enumerators	673
7	M.L.A Quota for Clothings & Tarpulins	2,055
8	6^{th} Economics Census	1,162
	TOTAL	**9,97,644**
	Grand Total	**25,62,79,918**

Source: Departmental figures

APPENDIX 4.2

(Refer Paragraph 4.9 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 2022 Dr.	Cr.	Impact of outstanding on cash balance
		(₹ in crore)		
8658-Suspense Account				
1	101-PAO Suspense Ministry of Transport and Highways	149.15	13.62	Cash balance will increase on settlement
	Net	135.53 (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)	49.72	0.48	Cash balance will increase on settlement
	Net	49.24 (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	2.83	-7.04	Cash balance will increase on settlement
	Net	9.87 (Dr.)		
2	102-Suspense Account (Civil) Account with Defence	203.54	198.24	Cash balance will increase on settlement
	Net	5.30 (Dr.)		
	102-Suspense Account (Civil) Eastern Railway	4.22	4.42	Cash balance will decrease on settlement
	Net	0.20 (Cr.)		
	102-Suspense Account (Civil) South Easter Railway	15.88	16.95	Cash balance will decrease on settlement
	Net	1.07 (Cr.)		
	102-Suspense Account (Civil) Other Railway Accounts	2.25	1.67	Cash balance will increase on settlement
	Net	0.58 (Dr.)		
	102-Suspense Account (Civil) Un credited amount under e-Payment	1885.70	2124.84	Cash balance will decrease on settlement
	Net	239.14 (Cr.)		
3	109-Reserve Bank Suspense-Headquarters	-2.70	9.92	Cash balance will decrease on settlement
	Net	12.62 (Cr.)		

Sl. No.	Head of Account Ministry/ Department with which pending	Balance as on 31 March 2022 Dr. (₹ in crore)	Balance as on 31 March 2022 Cr. (₹ in crore)	Impact of outstanding on cash balance
4	123-A.I.S. Officer Group Insurance Scheme	5.01	3.32	Cash balance will increase on settlement
	Net	1.69s (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 I-Remittances into Treasuries	14,156.28	14,145.20	Cash balance will increase on settlement
	Net	11.08 (Dr.)		
	102-P.W. Remittances II- PW Cheques	52,205.99	52,320.76	Cash balance will decrease on settlement
	Net	114.77 (Cr.)		
2	103-Forest Remittances I-Remittances into Treasuries	2,158.31	1,810.44	Cash balance will increase on settlement
	Net	347.87 (Dr.)		
	103-Forest Remittances II-Forest Cheques	3,969.19	4,291.85	Cash balance will decrease on settlement
	Net	322.66 (Cr.)		
3	8793-Inter State Suspense Accounts	17.31	0.17	Cash balance will increase on settlement
	Net	17.14 (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. 2021-22	Whether the entity is functional?	Date on which last communication/ reminder was sent by PAG
1	West Bengal Human Rights Commission	19(2)	2018-19	3	Yes	23/09/2022
2	West Bengal Building and other Construction Workers Welfare Board	19(2)	2020-21	1	Yes	23/09/2022
3	West Bengal State Legal Services Authority	19(2)	2019-20	2	Yes	23/09/2022
4	District Legal Service Authority, Kolkata	19(2)	Nil	24	Yes	23/09/2022
5	District Legal Service Authority, Bankura	19(2)	2019-20	2	Yes	23/09/2022
6	District Legal Service Authority, Birbhum	19(2)	2013-14	8	Yes	23/09/2022
7	District Legal Service Authority, Purba Bardhaman	19(2)	2020-21	1	Yes	23/09/2022
8	District Legal Service Authority, Coochebhar	19(2)	2019-20	2	Yes	23/09/2022
9	District Legal Service Authority, Darjeeling	19(2)	2019-20	2	Yes	23/09/2022
10	District Legal Service Authority, Uttar Dinajpur*	19(2)	2011-12	10	Yes	23/09/2022
11	District Legal Service Authority, Dakshin Dinajpur	19(2)	2021-22	Nil	Yes	23/09/2022
12	District Legal Service Authority, Hooghly	19(2)	2021-22	Nil	Yes	23/09/2022
13	District Legal Service Authority, Howrah	19(2)	2008-09	13	Yes	23/09/2022
14	District Legal Service Authority, Jalpaiguri	19(2)	2019-20	2	Yes	23/09/2022
15	District Legal Service Authority, Malda**	19(2)	2012-13	9	Yes	23/09/2022
16	District Legal Service Authority, Purba Medinipur	19(2)	2020-21	1	Yes	23/09/2022
17	District Legal Service Authority, Paschim Medinipur	19(2)	2019-20	2	Yes	23/09/2022
18	District Legal Service Authority, Murshidabad	19(2)	2017-18	4	Yes	23/09/2022
19	District Legal Service Authority, Nadia	19(2)	2020-21	1	Yes	23/09/2022
20	District Legal Service Authority, Purulia	19(2)	2019-20	2	Yes	23/09/2022
21	District Legal Service Authority, North 24 Parganas	19(2)	2019-20	2	Yes	23/09/2022

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. 2021-22	Whether the entity is functional?	Date on which last communication/ reminder was sent by PAG
22	District Legal Service Authority, South 24 Parganas	19(2)	Nil	24	Yes	23/09/2022
23	District Legal Service Authority, Paschim Bardhaman	19(2)	---[#]	3	Yes	23/09/2022
24	District Legal Service Authority, Jhargram	19(2)	---[#]	2	Yes	23/09/2022
25	District Legal Service Authority, Kalimpong	19(2)	---[#]	2	Yes	23/09/2022
26	W.B. University of Animal & Fishery Sciences	19 (3)	2014-15	7	Yes	27/07/2022
27	W.B. Veterinary Council	19 (3)	2019-20	2	Yes	27/07/2022
28	West Bengal Commission for Backward Classes	19 (3)	2020-21	1	Yes	23/09/2022
29	West Bengal Commission for Women	19 (3)	2021-22	Nil	Yes	23/09/2022
30	West Bengal Unorganised Sector Workers' Welfare Board	19 (3)	2018-19	3	Yes	23/09/2022
31	West Bengal Comprehensive Area Development Corporation	19 (3)	2015-16	6	Yes	11/08/2022
32	West Bengal Central School Service Commission	20 (1)	2013-14	8	Yes	23/09/2022
33	West Bengal Regional School Service Commission (Eastern Region)	20 (1)	2016-17	5	Yes	23/09/2022
34	West Bengal Regional School Service Commission (Northern Region)	20 (1)	2014-15	7	Yes	23/09/2022
35	West Bengal Regional School Service Commission (Southern Region)	20 (1)	2014-15	7	Yes	23/09/2022
36	West Bengal Regional School Service Commission (Western Region)	20 (1)	2016-17	5	Yes	23/09/2022
37	West Bengal Regional School Service Commission (South-Eastern Region)	20 (1)	2016-17	5	Yes	23/09/2022
38	West Bengal State Council of Technical Education[$]	20 (1)	2004-05 to 2015-16	12	No	23/09/2022
39	Gorkhaland Territorial Administration[&]	19(3)	2013-14	8	Yes	23/09/2022
40	West Bengal Heritage Commission	19(3)	2017-18	4	Yes	14/10/2022
41	West Bengal Housing Board	19(3)	2016-17	5	Yes	14/10/2022

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. 2021-22	Whether the entity is functional?	Date on which last communication/ reminder was sent by PAG
42	Asansol Durgapur Development Authority	20(1)	2021-22	Nil	Yes	14/10/2022
43	Burdwan Development Authority	20(1)	2020-21	1	Yes	14/10/2022
44	Bhangore Rajarhat Development Authority	20(1)	2009-10	1	Yes	14/10/2022
45	Digha Sankarpur Development Authority	20(1)	2018-19	3	Yes	14/10/2022
46	Haldia Development Authority	20(1)	2020-21	1	Yes	14/10/2022
47	Jaigaon Development Authority	20(1)	2016-17	5	Yes	14/10/2022
48	Mdnapore Kharagpur Development Authority	20(1)	2017-18	4	Yes	14/10/2022
49	New Town Kolkata Development Authority	20(1)	2020-21	1	Yes	14/10/2022
50	Siliguri Jalpaiguri Development Authority	20(1)	2020-21	1	Yes	14/10/2022
51	Sriniketan Santiniketan Development Authority	20(1)	2020-21	1	Yes	14/10/2022
52	Gangasagar Bakkhali Development Authority	20(1)	2012-13	9	Yes	14/10/2022
53	Tarapith Rampurhat Development Authority	20(1)	2014-15	7	Yes	14/10/2022
54	West Bengal State NGRBA Program Management Group	20(1)	2020-21	1	Yes	14/10/2022
55	Kolkata Metropolitan Development Authority	20(1)	2018-19	3	Yes	14/10/2022
56	Roopkala Kendro	20(1)	2018-19	3	Yes	14/10/2022
57	Commissioners for Rabindra Setu	20(1)	2021-22	Nil	Yes	14/10/2022
58	West Bengal Khadi & Village Industries Board	20(1)	2019-20	2	Yes	14/10/2022
59	West Bengal Bio-Diversity Board	19(3)	2018-19	3	Yes	14/10/2022
60	East Kolkata Wetland Management Authority	19(3)	2018-19	3	Yes	14/10/2022
61	West Bengal Compensatory Afforestation Fund Management and Planning Authority	20(1)	2020-21	1	Yes	14/10/2022
62	Hooghly River Bridge Commissioners	19 (3)	2021-22	Nil	Yes	14/10/2022
63	West Bengal State Urban Development Agency	19(3)	2020-21	1	Yes	14/10/2022
64	Shishu Kishore Academy	20(1)	2017-18	4	Yes	14/10/2022
65	Minerva Natya Sanskriti Charcha Kendra	20(1)	2017-18	4	Yes	14/10/2022
66	Paschimbanga Bangla Academy	20(1)	2015-16	6	Yes	14/10/2022

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. 2021-22	Whether the entity is functional?	Date on which last communication/ reminder was sent by PAG
67	Folk & Tribal Centre	20(1)	2013-14	7	Yes	14/10/2022
	Total			279		

Note: Annual accounts received up to 30 September 2022 have been considered.

**Annual accounts for 2012-13 to 2019-20 were received but not accepted for audit due to some discrepancies in accounts for 2012-13. Communications to the Unit as well as to SLSA were made several times.*

***Annual accounts for 2013-14 to 2017-18 were received but not accepted for audit due to non-submission of the accounts in proper format. Communications to the Unit as well as to SLSA were made several times.*

[#]Formed in FY 2021-22.

[$]West Bengal State Council of Technical Education has been merged with the State council of Technical & Vocational Education and Skill Development by virtue of West Bengal Act XXVI of 2013 (i.e., The West Bengal State Council of Technical & Vocational Education & Skill Development Act, 2013) notification dated 14.02.2014.

[&]Annual accounts of GTA for 2014-15 to 2017-18 were received but could not be accepted for audit due to non-approval of the Board of GTA. The matter was communicated to the Addl. Chief Secretary, H&HA Dept on 05.09.22. However, no reply or action taken note was received from the department till date.

APPENDIX 5.1

(Refer Paragraph 5.3 in Chapter V)

Summarised financial position and working results of State Public Sector Enterprises of West Bengal

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'22)	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 %)
				(₹ in crore)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Working Government Companies												
Agriculture & Allied				**63.20**	**241.05**	**76.74**	**680.61**	**19.29**	**(-)38.37**	**317.79**	**6**	**-**
1.	Banglar Dairy Limited	2018-19	2020-21	10.00	11.45	-	-	0.69	0.51	11.45	6	4
2.	Paschimbanga Agri Marketing Corporation Limited	2020-21	2022-23	4.62	13.36	29.00	21.75	1.98	1.56	42.36	5	12
3.	The State Fisheries Development Corporation Limited	2019-20	2021-22	3.06	43.13	2.63	26.64	-17.27	-17.04	45.76	-	-
4.	West Bengal Agro-Industries Corporation Limited	2020-21	2021-22	8.41	-181.25	2	221.69	14.63	-11.94	-179.25	-	-
5.	West Bengal Biotech Development Corporation Limited	2013-14	2022-23	0.05	23.09	4.15	0.11	-3.69	-3.69	27.24	-	-
6.	West Bengal Forest Development Corporation Limited	2020-21	2021-22	6.30	162.65	-	85.31	11.27	5.49	162.65	7	3
7.	West Bengal Livestock Development Corporation Limited	2020-21	2021-22	15.64	0.73	0.56	119.48	-12.74	-14.73	1.29	-	-
8.	West Bengal State Food Processing and	2015-16	2018-19	0.97	7.03	2.33	10.47	1.46	0.63	9.36	16	9

	Horticulture Development Corporation Limited											
9.	West Bengal State Minor Irrigation Corporation Limited	2017-18	2018-19	11.65	-33.62	-	1.35	-3.42	-3.32	-33.62	-	-
10.	West Bengal State Seed Corporation Limited	2020-21	2022-23	2.50	194.48	36.07	193.81	26.38	4.16	230.55	11	2
Finance				**713.18**	**1,983.65**	**5,156.87**	**569.35**	**380.72**	**78.28**	**7,140.52**	**5**	**4**
11	Webel Venture Capital Limited	2021-22	2022-23	0.05	0.71	-	0.04	-0.13	-0.13	0.71	-	-
12	West Bengal Film Development Corporation Limited	2018-19	2021-22	5.20	-111.02	40.95	-	-1.37	-6.96	-70.07	-	-
13	West Bengal Handicrafts Development Corporation Limited	2020-21	2021-22	46.60	52.98	2.50	164.50	15.54	10.34	55.48	28	20
14	West Bengal Industrial Development Corporation Limited	2020-21	2021-22	435.93	793.44	134.63	57.04	31.80	22.00	928.07	3	3
15	West Bengal Infrastructure Development Finance Corporation Limited (Wb Govt Company)	2021-22	2022-23	225.30	1,246.69	4,978.79	347.14	334.97	53.13	6,225.48	0.05	0.04
16	West Bengal Women Development Undertaking	2018-19	2019-20	0.10	0.85	-	0.63	-0.10	-0.10	0.85	-	-
Infrastructure				**1,932.48**	**2,641.49**	**97.27**	**1,335.46**	**34.79**	**-1.14**	**2,738.76**	**1**	**0**
17	Mackintosh Burn Limited	2020-21	2021-22	0.31	243.06	1.60	377.81	10.56	5.35	244.66	4	2
18	New Town Kolkata Green Smart City Corporation Limited	2020-21	2021-22	1.00	188.21	-	-	0.00	0.00	188.21	0	0
19	New Town Telecom Infrastructure Development Company Limited	2021-22	2022-23	1.05	36.90	0.00	13.44	12.65	8.56	36.90	34	23

20	Sundarban Infrastructure Development Corporation Limited	2017-18	2018-19	1.00	16.78	-	0.10	2.09	1.52	16.78	12	9
21	The West Bengal Small Industries Development Corporation Limited	2019-20	2021-22	187.03	313.67	12.79	153.97	18.42	6.65	326.46	6	2
22	Webel Electronics Infrastructure Development Limited	2021-22	2022-23	0.05	31.03	-	-	-0.03	-0.03	31.03	-	-
23	West Bengal Electronics Industry Development Corporation Limited	2020-21	2021-22	235.67	186.51	32.88	349.95	9.19	5.50	219.39	4	3
24	West Bengal Highway Development Corporation Limited	2020-21	2021-22	1,233.24	1,087.70	50	-	-53.12	-56.82	1,137.70	-	-
25	West Bengal Housing Infrastructure Development Corporation Limited	2019-20	2020-21	259.63	453.48	0	257.62	30.58	25.43	453.48	7	6
26	West Bengal Police Housing & Infrastructure Development Corporation Limited	2021-22	2022-23	10.40	47.20	-	175.88	6.53	4.83	47.20	14	10
27	West Bengal Transport Infrastructure Development Corporation Limited	2020-21	2021-22	3.10	36.95	-	6.69	-2.08	-2.13	36.95	-	-
Manufacturing				**358.51**	**-1,272.07**	**768.71**	**183.62**	**-90.53**	**-186.48**	**-503.36**	**-**	**-**
28	Britannia Engineering Limited	2018-19	2021-22	11.29	-86.41	48.04	6.92	-11.23	-17.97	-38.37	-	-
29	Durgapur Chemicals Limited	2021-22	2022-23	235.97	-55.67	2.40	-	-29.89	-30.54	-53.27	-	-
30	Electro Medical & Allied Industries Limited	2020-21	2021-22	16.40	-83.24	37.10	3.40	-0.80	-0.80	-46.14	-	-

31	Greater Calcutta Gas Supply Corporation Limited	2020-21	2021-22	41.15	-510.03	226.37	0.00	-26.28	-53.94	-283.66	-	-
32	Mayurakshi Cotton Mills (1990) Limited	2021-22	2022-23	7.76	-104.87	46.15	1.17	-3.32	-15.46	-58.72	-	-
33	The Shalimar Works (1980) Limited	2020-21	2021-22	1.25	-430.38	162.32	22.13	-11.75	-33.49	-268.06	-	-
34	Webfil Limited	2021-22	2022-23	8.53	11.16	16.52	41.77	3.93	1.73	27.68	0.14	0.16
35	West Bengal Mineral Development & Trading Corporation Limited	2021-22	2022-23	4.43	101.79	133.35	54.42	1.58	-11.68	235.14	0.01	-
36	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	2017-18	2018-19	23.99	-8.10	11.44	4.56	-2.64	-4.13	3.34	-	-
37	Westinghouse Saxby Farmer Limited	2018-19	2021-22	7.74	-106.32	85.02	49.25	-10.13	-20.19	-21.30	-	-
Others				**6.59**	**179.02**	**84.74**	**789.23**	**132.41**	**86.38**	**263.76**	**50**	**48**
38	Basumati Corporation Limited	2020-21	2022-23	0.10	-221.36	78.10	5.18	-2.40	-13.31	-143.26	-	-
39	Saraswaty Press Limited	2021-22	2022-23	5.50	157.21	-	237.52	55.92	41.95	157.21	36	27
40	Silpabarta Printing Press Limited	2020-21	2021-22	0.89	-5.12	6.64	2.46	-1.31	-1.85	1.52	-	-
41	West Bengal Text Book Corporation Limited	2021-22	2022-23	0.10	248.29	-	544.07	80.20	59.59	248.29	0.32	0.24
Power				**12,986.05**	**16,825.87**	**21,245.64**	**39,182.77**	**5,171.02**	**575.05**	**38,071.51**	**14**	**3**
42	Bengal Birbhum Coalfields Limited	2021-22	2022-23	0.10	-1.32	-	-	0.01	0.01	-1.32	-1	-
43	The Durgapur Projects Limited	2021-22	2022-23	1,815.29	-1,742.69	2,710.42	1,042.23	297.32	5.20	966.72	0.31	-
44	The West Bengal Power Development Corporation Limited	2021-22	2022-23	7,579.26	9,610.70	5,523.86	9,784.00	1,197.89	289.20	15,134.56	0.08	0.03

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	2021-22	2022-23	2,480.89	2,900.11	9,647.79	26,667.05	2,821.54	-205.37	12,547.90	0.22	-
47	West Bengal State Electricity Transmission Company Limited	2021-22	2022-23	1,105.52	6,061.09	3355.39	1,689.05	855.99	487.69	9,416.48	0.09	0.08
Service				**215.61**	**-2,780.04**	**1,109.18**	**17,147.1**	**78.54**	**-164.88**	**-1,670.86**	**-5**	**-**
48	Biswa Bangla Marketing Corporation Limited	2020-21	2021-22	13.28	6.25	8.34	12.09	-5.42	-5.41	14.59	-	-
49	Webel Electronics Manufacturing Clusters Limited	2021-22	2022-23	0.05	30.85	-	-	-0.02	-0.02	30.85	-	-
50	Webel Technology Limited	2019-20	2021-22	1.20	62.13	-	259.46	7.53	1.09	62.13	0.12	0.02
51	West Bengal Essential Commodities Supply Corporation Limited	2016-17	2022-23	1.08	-22.5	311.29	3,852.13	52.54	-6.05	288.79	0.20	-
52	West Bengal Medical Services Corporation Limited	2020-21	2021-22	10.00	112.12	45.00	23.05	21.27	0.59	157.12	0.14	0.01
53	West Bengal State Beverages Corporation Limited	2020-21	2021-22	20.00	121.78	-	12,892.24	62.32	15.52	121.78	0.51	0.13
54	West Bengal Surface Transport Corporation Limited	2020-21	2021-22	1.01	-725.19	359.87	24.75	-31.06	-76.95	-365.32	-	-
55	West Bengal Swarojgar Corporation Limited	2020-21	2021-22	130.00	180.10	-	-	3.23	2.36	180.10	0.02	0.01
56	West Bengal Tourism Development Corporation Limited	2019-20	2021-22	17.99	100.27	5.08	49.54	-6.24	-6.33	105.35	-	-
57	West Bengal Trade Promotion Organisation	2020-21	2021-22	0.60	28.30	-	-	0.60	0.60	28.30	0.02	0.02

58	West Bengal Transport Corporation Limited	2020-21	2021-22	20.40	-2,674.15	379.60	33.84	-26.21	-90.28	-2,294.55	-	-
Total- A: Working Government companies				**16,275.62**	**17,818.97**	**28,539.15**	**59,888.14**	**5,726.24**	**348.84**	**46,358.12**	**12**	**2**
Working Statutory Corporations												
Agriculture & Allied				**7.61**	**64.41**	**-**	**111.06**	**64.25**	**44.54**	**64.41**	**100**	**69**
59	West Bengal State Warehousing Corporation	2018-19	2021-22	7.61	64.41	-	111.06	64.25	44.54	64.41	100	69
Finance				**704.70**	**1,143.99**	**988.66**	**80.48**	**115.9**	**70.82**	**2,132.65**	**5**	**6**
60	West Bengal Financial Corporation	2020-21	2021-22	227.34	71.01	189.09	57.26	21.36	-10.52	260.10	8	-
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	17
62	West Bengal Schedule Castes & Scheduled Tribes and Other Backword Classes Development & Finance Corporation	2021-22	2022-23	327.36	622.98	153.27	0.43	5.66	5.66	776.25	1	1
Infrastructure				**-**	**97.89**	**96.34**	**18.19**	**22.50**	**10.34**	**194.23**	**12**	**11**
63	West Bengal Industrial Infrastructure Development Corporation	2017-18	2018-19	-	97.89	96.34	18.19	22.50	10.34	194.23	12	11
Service				**31.32**	**-4,524.45**	**1,492.72**	**322.94**	**-197.50**	**-350.24**	**-3,031.73**	**-**	**-**
64	Calcutta State Transport Corporation	2020-21	2021-22	9.62	-2,892.48	611.22	46.44	-145.18	-194.45	-2,281.26	-	-
65	North Bengal State Transport Corporation	2019-20	2020-21	10.69	-930.09	467.09	162.20	-23.75	-76.68	-463.00	-	-
66	South Bengal State Transport Corporation	2020-21	2021-22	11.01	-701.88	414.41	114.30	-28.57	-79.11	-287.47	-	-
Total- B: Working Statutory Corporations				**743.63**	**-3,218.16**	**2,577.72**	**532.67**	**5.15**	**-224.54**	**-640.44**	**-1**	**0**
Inactive Company/ Corporations												
Agriculture & Allied				**47.23**	**-379.38**	**107.72**	**-**	**-34.91**	**-51.59**	**-271.66**	**-**	**-**
67	West Bengal Tea Development Corporation Limited	2018-19	2019-20	47.23	-379.38	107.72	-	-34.91	-51.59	-271.66	-	-

Finance				**46.76**	**-5.60**	**4.81**	**-**	**0.03**	**-0.15**	**-0.79**	**-4**	**-**
68	West Bengal Handloom & Powerloom Development Corporation Limited	2017-18	2022-23	46.76	-5.60	4.81	-	0.03	-0.15	-0.79	-4	-
Manufacturing				**65.22**	**-2,570.15**	**1,086.35**	**15.45**	**-62.16**	**-258.52**	**-1,483.80**	**-**	**-**
69	Carter Pooler Engineering Company Limited	2007-08	2008-09	0.95	-48.81	26.69	-	-0.08	-3.08	-22.12	-	-
70	Eastern Distilleries & Chemicals Limited	2016-17	2021-22	0.20	-16.83	26.63	15.45	-5.20	-6.51	9.80	-	-
71	Kalyani Spinning Mills Limited	2020-21	2021-22	14.63	-1,292.15	532.77	-	-39.51	-102.58	-759.38	-	-
72	Krishna Silicate and Glass (1987) Limited	2005-06	2008-09	0.00	0.01	81.60	-	-0.65	-7.28	81.61	-	-
73	Lily Products Limited	2021-22	2022-23	0.01	-279.97	69.55	-	-0.07	-9.11	-210.42	-	-
74	National Iron and Steel Company (1984) Limited	2021-22	2022-23	0.50	-54.70	7.73	-	-0.07	-71.72	-46.97	-	-
75	Neo Pipes & Tubes Co. Limited	2021-22	2022-23	2.20	-18.93	5.39	-	-0.21	-1.06	-13.54	-	-
76	Pulver Ash Projects Limited	2019-20	2020-21	2.15	-13.31	-	-	-0.07	-0.07	-13.31	-	-
77	The Infusions (India) Limited	2020-21	2021-22	7.73	-32.41	15.64	-	-0.08	2.22	-16.77	-	-
78	The West Bengal Projects Limited	2018-19	2022-23	1.89	-0.67	-	-	-0.08	-0.09	-0.67	-	-
79	The West Dinajpur Spinning Mills Limited	2020-21	2021-22	12.75	-488.59	218.22	-	-13.53	-45.56	-270.37	-	-
80	West Bengal Ceramic Development Corporation Limited	2021-22	2022-23	2.93	-73.50	26.00	-	-0.16	-0.16	-47.50	-	-
81	West Bengal Industrial Land Holdings Private Limited	2018-19	2019-20	0.01	0.01	-	-	-	-	0.01	-	-
82	West Bengal Plywood and Allied Products Limited	2011-12	2013-14	0.09	-53.27	26.78	-	-0.10	-0.10	-26.49	-	-

83	West Bengal State Leather Industries Development Corporation Limited	2010-11	2019-20	3.94	3.95	2.34	-	-0.14	-0.46	6.29	-	-
84	West Bengal Sugar Industries Development Corporation Limited	2021-22	2022-23	15.24	-200.98	47.01	-	-2.22	-8.52	-153.97	-	-
Total- C: Inactive Government Companies				**159.21**	**-2,955.13**	**1,198.88**	**15.45**	**-97.04**	**-310.26**	**-1,756.25**		
Inactive Statutory corporations											**-**	**-**
Service				**-**	**-37.21**	**16.34**	**-**	**0.01**	**-0.04**	**-20.87**	**-**	**-**
85	Great Eastern Hotel Authority	2020-21	2021-22	-	-37.21	16.34	-	0.01	-0.04	-20.87	-	-
Total- D: Inactive Government Companies				**-**	**-37.21**	**16.34**	**-**	**0.01**	**-0.04**	**-20.87**	**-**	**-**
Grand Total (A + B + C + D)				**17,178.46**	**11,608.47**	**32,332.10**	**60,436.26**	**5,634.36**	**-186.00**	**43,940.57**	**13**	**-**

Source: Accounts of SPSEs

APPENDIX 5.2

(Refer Paragraph 5.19 in Chapter V)

Details of SPSEs whose Net worth has eroded as per their latest finalised accounts

Sl. No.	Name of SPSE	Latest year of finalised Accounts	Total Paid-up Capital	Net profit (+)/Loss (-) after interest, tax and dividend	Accumulated losses	Net Worth	State Government Equity during the year 2021-22	State Government Loans during the year 2021-22
			(₹ in crore)					
1	Basumati Corporation Limited	2020-21	0.10	(-)13.31	(-)221.46	(-)221.36	0.00	2.42
2	Bengal Birbhum Coalfields Limited	2021-22	0.10	0.01	(-)1.42	(-)1.32	0.00	0.00
3	Britannia Engineering Limited	2018-19	11.29	(-) 17.97	(-) 97.70	(-)86.41	0.00	17.37
4	Calcutta State Transport Corporation	2020-21	9.62	(-)194.45	(-)3,346.42	(-)2,892.48	0.00	25.25
5	Carter Pooler Engineering Company Limited	2007-08	0.95	(-) 3.08	(-) 49.76	(-)48.81	0.00	0.00
6	Durgapur Chemicals Limited	2021-22	235.97	(-)30.54	(-)291.64	(-)55.67	0.00	0.00
7	Eastern Distilleries & Chemicals Limited	2016-17	0.20	(-) 6.51	(-)17.03	(-)16.83	0.00	0.00
8	Electro Medical & Allied Industries Limited	2020-21	16.40	(-) 0.80	(-)99.64	(-)83.24	0.00	0.23
9	Great Eastern Hotel Authority	2020-21	0.00	(-) 0.04	(-)37.21	(-)37.21	0.00	0.00
10	Greater Calcutta Gas Supply Corporation Limited	2020-21	41.15	(-) 53.94	(-)551.18	(-)510.03	0.00	28.97
11	Kalyani Spinning Mills Limited	2020-21	14.63	(-)102.58	(-)1,306.78	(-)1,292.15	0.00	37.78
12	Lily Products Limited	2021-22	0.01	(-) 9.11	(-)291.12	(-)279.97	0.00	0.20
13	Mayurakshi Cotton Mills (1990) Limited	2021-22	7.76	(-)15.46	(-)112.63	(-)104.87	0.00	2.40
14	National Iron and Steel Company (1984) Limited	2021-22	0.50	(-)71.72	(-)55.20	(-)54.70	0.00	0.02
15	Neo Pipes & Tubes Co. Limited	2021-22	2.20	(-) 1.06	(-)21.13	(-)18.93	0.00	0.00
16	North Bengal State Transport Corporation	2019-20	10.69	(-)76.68	(-)1,006.67	(-)930.09	0.00	0.00
17	Pulver Ash Projects Limited	2019-20	2.15	(-) 0.07	(-)15.46	(-)13.31	0.00	0.00
18	Silpabarta Printing Press Limited	2020-21	0.89	(-) 1.85	(-) 6.01	(-)5.12	0.00	0.00

Sl. No.	Name of SPSE	Latest year of finalised Accounts	Total Paid-up Capital	Net profit (+)/Loss (-) after interest, tax and dividend	Accumulated losses	Net Worth	State Government Equity during the year 2021-22	State Government Loans during the year 2021-22
			(₹ in crore)					
19	South Bengal State Transport Corporation	2020-21	11.01	(-)79.11	(-)953.92	(-)701.88	0.00	0.00
20	The Durgapur Projects Limited	2021-22	1,815.29	5.20	(-)3,558.99	(-)1,743.70	0.00	0.00
21	The Infusions (India) Limited	2020-21	7.73	(-) 2.22	(-)40.14	(-)32.41	0.00	0.00
22	The Shalimar Works (1980) Limited	2020-21	1.25	(-)33.50	(-)431.63	(-)430.38	0.00	0.00
23	The West Bengal Projects Limited	2018-19	1.89	(-) 0.09	(-)2.56	(-) 0.67	0.00	0.00
24	The West Dinajpur Spinning Mills Limited	2020-21	12.75	(-)45.56	(-)501.34	(-)488.59	0.00	43.14
25	West Bengal Agro-Industries Corporation Limited	2020-21	8.41	(-)11.94	(-)189.66	(-)181.25	0.00	0.00
26	West Bengal Ceramic Development Corporation Limited	2021-22	2.93	(-) 0.16	(-)76.43	(-)73.50	0.00	0.00
27	West Bengal Essential Commodities Supply Corporation Limited	2016-17	1.08	(-) 6.05	(-) 23.58	(-) 22.50	0.00	0.00
28	West Bengal Film Development Corporation Limited	2018-19	5.20	(-) 6.96	(-)116.22	(-)111.02	0.00	0.00
29	West Bengal Green Energy Development Corporation Limited	2020-21	4.99	(-) 1.68	(-)6.00	(-) 1.01	0.00	0.00
30	West Bengal Handloom & Powerloom Development Corporation Limited	2017-18	46.76	(-) 0.15	(-)52.36	(-)5.60	0.00	0.00
31	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	2017-18	23.99	(-) 4.13	(-)32.09	(-)8.10	0.00	0.00
32	West Bengal Plywood and Allied Products Limited	2011-12	0.09	(-) 0.10	(-)53.36	(-)53.27	0.00	0.00
33	West Bengal State Minor Irrigation Corporation Limited	2017-18	11.65	(-) 3.32	(-) 45.27	(-)33.62	0.00	0.00
34	West Bengal Sugar Industries Development Corporation Limited	2021-22	15.24	(-) 8.52	(-)216.22	(-)200.98	0.00	0.00
35	West Bengal Surface Transport Corporation Limited	2020-21	1.01	(-) 76.95	(-)726.20	(-)725.19	0.00	0.00
36	West Bengal Tea Development Corporation Limited	2018-19	47.23	(-) 51.59	(-)426.61	(-)379.38	0.00	0.00
37	West Bengal Transport Corporation Limited	2020-21	20.40	(-) 90.28	(-)2,694.55	(-) 2,674.15	0.00	0.00

Sl. No.	Name of SPSE	Latest year of finalised Accounts	Total Paid-up Capital	Net profit (+)/Loss (-) after interest, tax and dividend	Accumulated losses	Net Worth	State Government Equity during the year 2021-22	State Government Loans during the year 2021-22
			(₹ in crore)					
38	Westinghouse Saxby Farmer Limited	2018-19	7.74	(-) 20.19	(-) 114.06	(-)106.32	0.00	3.71
	Grand Total		**2,401.25**	**(-)1,036.46**	(-)**17,789.65**	(-)**14,626.02**	**0.00**	**161.49**

Note: There are funds balance of ₹444.32 cr., ₹11.14 cr., ₹65.89 cr. & ₹241.03 cr. in SPSEs - CSTC, Lily Products Ltd., NBSTC & SBSTC respectively as per their latest finalized accounts. Funds balance have been added to arrive at Net Worth of the concerned 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 *vis-à-vis* 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
AAFS	Administrative Approval and Financial Sanction
A&E	Accounts & Entitlement
AB	Autonomous Body
AC	Abstract Contingent
ADMIP	Accelerated Development of Minor Irrigation Project
AE	Advance Estimates
AGM	Annual General Meeting
AIS	All India Service
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APL	Above Poverty Line
APR	Annual Performance Review
AS	Accounting Standard
ATR	Action Taken Report
BADP	Border Area Development Programme
BCR	Balance from Current Revenue
BE	Budget Estimate
BENFED	West Bengal State Co-operative Marketing Federation Limited
BEUP	Bidhayak Elaka Unnayan Prakalpa
BP	Budget Provision
BPL	Below Poverty Line
BRGF	Backward Region Grant Fund
BSBY	Bangla Shashya Bima Yojana
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAO	Chief Accounts Officer
CAPF	Central Armed Police Force
CCL	Cash Credit Loan
CCTV	Closed-Circuit Television
CE	Capital Expenditure
CESC	Calcutta Electric Supply Corporation

Abbreviations	Full Form
CGA	Controller General of Accounts
CGST	Central Goods and Services Tax
CONFED	West Bengal State Consumers' Co-operative Federation Limited
CSF	Consolidated Sinking Fund
CSS	Centrally Sponsored Scheme
CSTC	Calcutta State Transport Corporation
DC	Detailed Contingent
DCF&S	District Controller of Food & Supplies
DDO	Drawing and Disbursing Officer
DE	Development Expenditure
DLSA	District Legal Services Authority
DM	District Magistrate
DPC	Duties, Powers and Conditions
DPL	Durgapur Projects Limited
EAP	Externally Aided Project
EBIT	Earnings before Interest and Tax
ELC	Electoral Library Activities
ES	Economic Service
FC	Finance Commission
FD	Fiscal Deficit
FDCR	Fixed Cost Recoverable
FLCR	Fuel Cost Recoverable
FOAP	Farmers' Old Age Pension
FPSS	Fiscal Policy Strategy Statement
FRBM	Fiscal Responsibility and Budget Management
FY	Financial Year
GC	Guarantee Commission
GCGSCL	Greater Calcutta Gas Supply Corporation Limited
GDP	Gross Domestic Product
GIA	Grants-in-Aid
GoI	Government of India
GoWB	Government of West Bengal

Abbreviations	Full Form
GRF	Guarantee Redemption Fund
GS	General States
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GSVA	Gross State Value Added
IA	Implementing Agency
IAS	Indian Administrative Service
ICAI	Institute of Chartered Accountants of India
ICDS	Integrated Child Development Services
IFMS	Integrated Financial Management System
IGAS	Indian Government Accounting Standard
IGST	Integrated Goods and Services Tax
IP	Interest Payments
IPDS	Integrated Power Development Scheme
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KEIP	Kolkata Environmental Improvement Project
KMDA	Kolkata Metropolitan Development Authority
LMMHA	List of Major and Minor Heads of Accounts
MB	Market Borrowing
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MLA	Member of Legislative Assembly
MOA	Memorandum of Agreement
MoHFW	Ministry of Health and Family Welfare
MoPR	Ministry of Panchayati Raj
MoSPI	Ministry of Statistics and Programme Implementation
MSDP	Multi Sectoral Development Program
MTFP	Medium Term Fiscal Policy
MTFPS	Medium Term Fiscal Policy Statement
MVCA	Monthly Variable Cost Adjustment
NBSTC	North Bengal State Transport Corporation
NDRF	National Disaster Response Fund

Abbreviations	Full Form
NE	North-Eastern
NGO	Non-Government Organization
NGRBA	National Ganga River Basin Authority
NHM	National Health Mission
NMAET	National Mission on Agricultural Extension and Technology
NPS	National Pension System
NRC	Non-Review Certificate
NRDMS	Natural Resources Data Management System
NSDL	National Securities Depositories Limited
NSSF	National Small Savings Fund
NTFA	Notes to Finance Accounts
OBC	Other Backward Class
OCAS	Other Central Assistance Scheme
OD	Overdraft
OTR	Own Tax Revenue
PAC	Public Accounts Committee
PAG	Principal Accountant General
PAO	Pay and Accounts Office
PD	Personal Deposit/Primary Deficit
PDRD	Post-Devolution Revenue Deficit
PE	Provisional Estimates
PF	Provident Fund
PFMS	Public Financial Management System
PL	Personal Ledger
PMAY	Pradhan Mantri Awas Yojana
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMKISAN	Pradhan Mantri Kisan Samman Nidhi
PM Poshan	Pradhan Mantri Poshan Shakti Nirman
PSU	Public Sector Undertaking
PWD	Public Works Department
PY	Previous Year
RA	Regulatory Asset

Abbreviations	Full Form
RBI	Reserve Bank of India
RD	Revenue Deficit
RE	Revised Estimate/ Revenue Expenditure
RIDF	Rural Infrastructure Development Fund
RLB	Rural Local Body
ROCE	Return on Capital Employed
ROE	Return on Equity
ROPA	Revision of Pay and Allowance
RPAO	Regional Pay and Accounts Office
RR	Revenue Receipts
RTC	Regional Training Centre
SAP	State Armed Police
SAR	Separate Audit Report
SBSTC	South Bengal State Transport Corporation
SC	Scheduled Caste
SCAF	State Compensatory Afforestation Fund
SDL	State Development Loan
SDMF	State Disaster Mitigation Fund
SDRF	State Disaster Response Fund
SFAR	State Finances Audit Report
SFC	State Finance Commission
SGST	State Goods and Services Tax
SHG	Self Help Group
SJDA	Siliguri Jalpaiguri Development Authority
SNA	Single Nodal Agency
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

Abbreviations	Full Form
TDS	Tax deducted at Source
TE	Total Expenditure
TPDS	Targeted Public Distribution System
TPP	Thermal Power Project
UC	Utilisation Certificate
ULB	Urban Local Body
VLC	Voucher Level Computerisation
WBADMIP	West Bengal Accelerated Development and Minor Irrigation Project
WBBM	West Bengal Budget Manual
WBCEF	West Bengal Civil Emergency Force
WBCETF	West Bengal Compensatory Entry Tax Fund
WBCGA	West Bengal Ceiling on Government Guarantee Act
WBECSC	West Bengal Essential Commodities Supply Corporation Limited
WBEIDCL	West Bengal Electronics Industry Development Corporation Limited
WBERC	West Bengal Electricity Regulatory Commission
WBFC	West Bengal Financial Corporation
WBFR	West Bengal Financial Rule
WBFRBM	West Bengal Fiscal Responsibility and Budget Management
WBHDCL	West Bengal Highway Development Corporation Limited
WBHIDCL	West Bengal Housing Infrastructure Development Corporation Limited
WBPDCL	West Bengal Power Development Corporation Limited
WBSBCL	West Bengal State Beverages Corporation Limited
WBSEDCL	West Bengal State Electricity Distribution Company Limited
WBSETCL	West Bengal State Electricity Transmission Company Limited
WBSROPA	West Bengal Services (Revision of Pay and Allowances)
WBTC	West Bengal Transport Corporation
WBTCL	West Bengal Transport Corporation Limited
WBTR	West Bengal Treasury Rules
WIP	Work in Progress
WMA	Ways and Means Advance

©
COMPTROLLER AND AUDITOR GENERAL OF INDIA
www.cag.gov.in

https://cag.gov.in/ag1/west-bengal/en