सत्यमेव जयते

Report of the
Comptroller and Auditor General of India

State Finances Audit Report
for the year ended March 2023

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of West Bengal
Report No. 2 of 2024

Report of the

Comptroller and Auditor General of India

State Finances Audit Report

for the year ended March 2023

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Preface

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

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

Chapters II and III of the Report contain Audit findings on matters arising from an examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government, for the year ended 31 March 2023. 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

About the Report

This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 10.02 *per cent* from ₹ 11,02,054 crore in 2018-19 to ₹ 15,54,992 crore in 2022-23.

There was 14.01 *per cent* growth in GSDP over 2021-22. The revenue receipts grew at 9.76 *per cent and* the percentage of revenue receipts over GSDP decreased from 13.06 *per cent* in 2021-22 to 12.58 *per cent* in 2022-23. The State's own tax revenue increased by 17.62 *per cent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of West Bengal increased from ₹ 2,28,745 crore in 2021-22 to ₹ 2,45,413 crore increasing by 7.29 *per cent*. Of this, revenue expenditure showed 6.03 *per cent* increase from 2021-22. Revenue deficit decreased from ₹ 32,000 crore to ₹ 27,295 crore registering 14.70 *per cent* decrease over 2021-22, while fiscal deficit decreased from ₹ 50,528 crore in 2021-22 to ₹ 49,787 crore in 2022-23, decreasing by 1.47 *per cent*.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants in aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, *etc*).

From 2018-19 to 2022-23, revenue receipts grew from ₹ 1,45,975 crore to ₹ 1,95,544 crore, with an average annual growth rate of 8.55 *per cent*. Capital receipts, however, decreased from ₹ 71,693 crore to ₹ 70,325 crore during this period. The share of Grants-in-aid in revenue receipts rose from 17.68 *per cent* in 2018-19 to 19.59 *per cent* in 2022-23, indicating increased reliance on support from the Government of India. The State Government received ₹ 9,858 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 1,56,374 crore (14.19 *per cent* of GSDP) to ₹ 2,22,839 crore (14.33 *per cent* of GSDP). It consistently made up a significant portion (86 to 92 *per cent*) of the total expenditure during this period, growing at an average annual rate of 9.68 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State increased to ₹ 27,295 crore (1.76 *per cent* of GSDP) in the current year from ₹ 10,399 crore (0.94 *per cent* of GSDP) in the year 2018-19.

The State Government spent ₹ 22,009 crore only on capital account. This was 8.97 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was just 31 *per cent* of the total borrowings. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 49,787 crore (3.20 *per cent* of GSDP) in 2022-23 from ₹ 33,485 crore (3.04 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 55 to 63 *per cent* of revenue expenditure during 2018-19 (55 *per cent*) and 2022- 23 (56 *per cent*).

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 13,403 crore in 2018-19 to ₹ 17,087 crore in 2022-23. Subsidies for Food & Supplies constituted a significant portion, ranging from 70 *per cent* to 79 *per cent* of the total subsidies during this period.

Off-budget borrowings

During 2022-23, GoWB did not borrow outside the state budget. However, GoWB, during 2009-11, raised Cash Credit Loans (CCLs) through two State Public Sector Undertakings, for implementation of the scheme 'Potato Procurement 2010', in the shape of off-budget borrowings. In 2022-23, the State Government provided grants in aid of ₹ 16 crore for repayment and servicing of the off budget borrowings. This was in addition of the repayment and interests paid on the borrowings by the Government.

Contingent Liabilities on account of Guarantees

In 2022-23, the Government provided guarantees against borrowings of ₹ 17,677 crore. In the current year, the State Government had received guarantee commission of ₹ 9.90 crore, against the receivable commission of ₹ 22.60 crore.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests *etc*. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc*.

FRBM requirements and compliance with fiscal parameters

The FRBM Act / Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year. In 2022-23, revenue deficit was 1.76 *per cent* as against the limit of 1.82 *per cent*; fiscal deficit was 3.20 *per cent* as against the limit of 4.00 *per cent*; debt was 37.63 *per cent* as against limit of 34.30 *per cent* and guarantees given were 11.38 *per cent* as against the prescribed limit of 90 *per cent*.

As per the debt stabilisation analysis, the outstanding public debt of the Government of West Bengal grew at an average growth rate of 10.09 *per cent* from ₹ 3,40,422 crore in 2018-19 to ₹ 5,10,763 crore in 2022-23. Debt-GSDP ratio of West Bengal has increased from 35.69 *per cent* in 2018-19 to 37.63 *per cent* in 2022-23, which indicates that debt stabilisation may not be possible in near future.

During the years 2021-22 and 2022-23, though the Domar gap (expressed as g-r where ‘g’ indicates real economic growth rate and ‘r’ denotes real interest rate) was positive, but the primary deficit kept on increasing except in 2022-23. During 2021-22, real growth was high (10.76 *per cent*) due to low base of 2020-21 (COVID year) resulting in significant positive Domar Gap (8.35 *per cent*). Further, substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 40.65 *per cent* and 42.38 *per cent* during 2021-22 and 2022-23. Thus, it becomes evident that depending solely on economic growth (expressed as g-r>0 from 2021-2022) would not suffice to cover the debt obligations of the State.

Going by the analysis and results as discussed above, the finances of the State of West Bengal are marked by increasing trend of liabilities which pose risk to target of debt stabilisation and debt sustainability.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved in terms of saving. In the Revenue (Voted) section, deviation in outturn compared with Budget Estimates (BE) was (-) 12.58 *per cent* in respect of 54 grants. In the Capital (Voted) and Capital (Charged) sections, deviation in outturn compared with BE were (-) 37.58 *per cent* and (-) 50.74 *per cent*, respectively.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure.

It was noticed that supplementary provisions of ₹ 8,773 crore during the year 2022-23 in 32 grants proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Regularization of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Article 205 (1) (b) of the constitution. It was observed that in 2022-23 there was excess expenditure of ₹ 4,063 crore under 12 grants which required regularization. Further, excess disbursements of ₹ 48,953 crore pertaining to the years 2009-22 were yet to be regularized.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

Misclassification in accounts

In respect of expenditure of ₹ 90.03 crore, use of the Minor Head '800-other expenditure' could have been avoided, had the Major/Sub Major heads classification been correct.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government partly complied with IGAS- 1: Guarantees given by the Government – Disclosure requirements guarantees, IGAS- 2: Accounting and classification of Grants-in-aid and IGAS-3: Loans and Advances made by the Government, respectively.

Operation of PD Accounts

Checking of treasuries, conducted in 2022-23, in respect of transactions for the year 2021-22, revealed that only 13 out of 159 Administrators of PD Accounts had reconciled and verified their balances with the treasury figures.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per information available on the PFMS portal, ₹ 24,555 crore (₹ 12,108 crore share of the Government of India and ₹ 12,447 crore share of the State Government) was transferred to the SNAs during 2022-23. As per data available on PFMS Portal, ₹ 15,656 crore was lying unspent in the bank accounts of SNAs as on 31 March 2023. Detailed vouchers, in support of the actual expenditure, were not available at the Treasury.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 5,08,222 outstanding UCs of ₹ 3,20,774 crore were pending as on 31st March 2023. Further, no mechanism has been prescribed by the State Government mandating depiction of the Central and the State share in the UCs. Hence, audit could not ascertain the amount of Central and State share for which UCs were pending out of the total pending amount of UCs.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, a total of 7,703 DC bills, in respect of AC bills aggregating ₹ 1,238 crore, had not been submitted.

Funds outside Government Account

It was noticed that ₹ 1,834.43 crore collected on account of cess, had not been transferred to the designated funds.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants;

non-submission of DC bills against AC bills; part compliance with IGAS-1, IGAS-2 and IGAS-3; funds remaining outside Government accounts; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

Working of State Public Sector Undertakings

As on 31 March 2023, there were 84 State Public Sector Enterprises (SPSEs) in West Bengal, including nine Statutory Corporations and 75 Government Companies (including 18 inactive Government Companies). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 62 SPSEs whose 163 accounts were in arrears. Out of the total profit of ₹ 1,715.37 crore earned by 33 working SPSEs, 83.39 *per cent* was contributed by four SPSEs only. Out of total loss of ₹ 832.53 crore incurred by 32 working SPSEs, 57.37 *per cent* was contributed by five SPSEs.

The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.

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CHAPTER I

OVERVIEW

Chapter I Overview

1.1 Introduction

This chapter provides a brief profile of the State and describes the basis and approach to the Report. The underlying data provides an overview of the structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

1.2 Profile of the State

- **Social Indicators**

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 people (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).

- **Economic Indicators**

The Gross State Domestic Product (GSDP), in 2022-23, at current prices, was ₹ 15,54,992 crore (₹ 13,63,926 crore in 2021-22), with a growth rate of 14.01 *per cent* over the previous year. The GSDP growth rates of the Agriculture, Industries and Service sectors, were 5.58, 14.98 and 18.13 *per cent*, respectively, during 2022-23, over the previous year.

The per capita GSDP of the State is ₹ 1,57,254, against the National per capita GDP of ₹ 1,96,983. A profile of the State, with demographics and other details, is given in ***Appendix 1.1.***

1.2.1 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. The 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.

It is important to understand changes in sectoral contribution to the GSDP, since they indicate changing structure of economy. Economic activity is

[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.

generally divided into the Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

Trends in the annual growth of GDP and the GSDP of the State, at current prices, are indicated in **Table 1.1.**

Table 1.1: Trends in GSDP compared to GDP (at current prices)

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
INDIA					
GDP (2011-12 Series)	1,88,99,668	2,01,03,593	1,98,29,927	2,34,71,012	2,72,40,712
Gross Value Added (GVA)	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over the previous year (in *per cent*)	10.59	6.37	(-)1.36	18.36	16.06
Growth rate of GVA over the previous year (in *per cent*)	10.77	7.02	(-)1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
WEST BENGAL					
GSDP (2011-12 Series)	11,02,054	11,79,097	11,55,821	13,63,926	15,54,992
Gross State Value Added (GSVA)	10,26,683	11,02,641	10,91,981	12,99,459	14,90,844
Growth rate of GSDP over the previous year (in *per cent*)	13.07	6.99	(-)1.97	18.00	14.01
Growth rate of GSVA over the previous year (in *per cent*)	12.38	7.40	(-)0.97	19.00	14.73
Per Capita GSDP (in ₹)	1,14,022	1,21,229	1,18,096	1,38,605	1,57,254

Source: Data released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 01 August 2023

Note: In respect of GDP, GVA, GSDP and GSVA, the figures shown against 2022-23, 2021-22, 2020-21 and 2019-20, are Provisional Estimates (PE), 1st Revised Estimates (RE), 2nd RE and 3rd RE, respectively, while the data for 2018-19 is final figure.

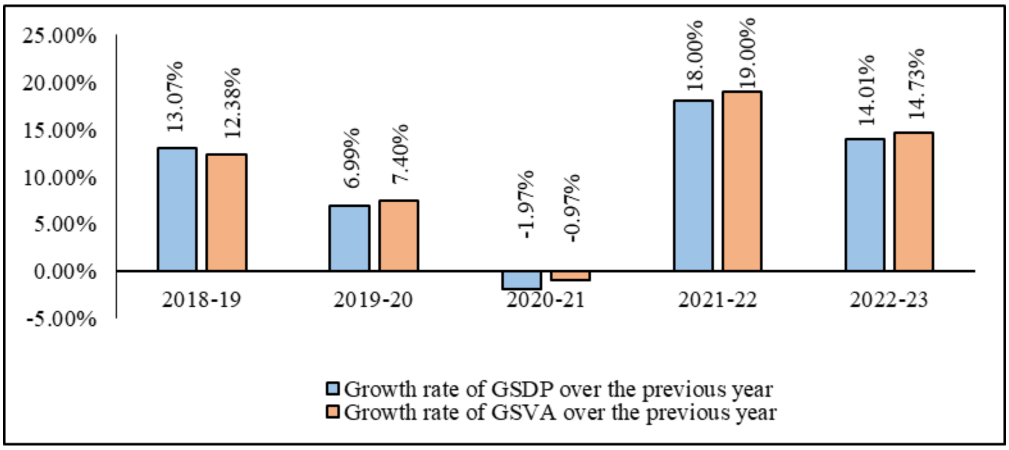
Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 10.02 *per cent* from ₹ 11,02,054 crore in 2018-19 to ₹ 15,54,992 crore in 2022-23. Both - the GSDP, as well as the national GDP- in aggregate, had experienced a contraction (negative growth) in 2020-21, owing to the COVID-19 pandemic. During the last five years' period, excepting for 2018-19 and 2019-20, the GSDP of West Bengal grew at a slower rate than the National GDP. In the current year, the growth of the national GDP exceeded the growth of GSDP by 2.05 *per cent*. In effect, during 2018-23, the CAGR of the National Per Capita GDP (8.45 *per cent*) outperformed the CAGR of State's Per Capita GSDP (8.37 *per cent*).

1.2.2 Gross State Value Added (GSVA)

The GSDP of a State indicates the State's economic activity from the consumers' side or demand perspective, whereas its GSVA gives a picture of the state's economic activity from the producers' side or supply perspective. GSDP is calculated as GSVA *plus* Taxes on Products *minus* Subsidies on Products.

The trends of GSDP and GSVA, for the period from 2018-19 to 2022-23, is shown in **Chart 1.1**.

Chart 1.1: Growth rate of GSDP vs GSVA (2018-19 and 2022-23)



Source: The figures of GSVA at basic prices and GSDP at current prices, for West Bengal, for the period 2011-12 to 2022-23 (as on 01 August 2023), released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India

Chart 1.1 indicates that, during the last five years' period, the growth of GSDP, at current prices, was in tandem with the growth of GSVA.

The sectoral contribution of GSVA and the trends in sectoral growth during the period from 2018-19 to 2022-23, are indicated in **Table 1.2** and **Chart 1.2,** respectively.

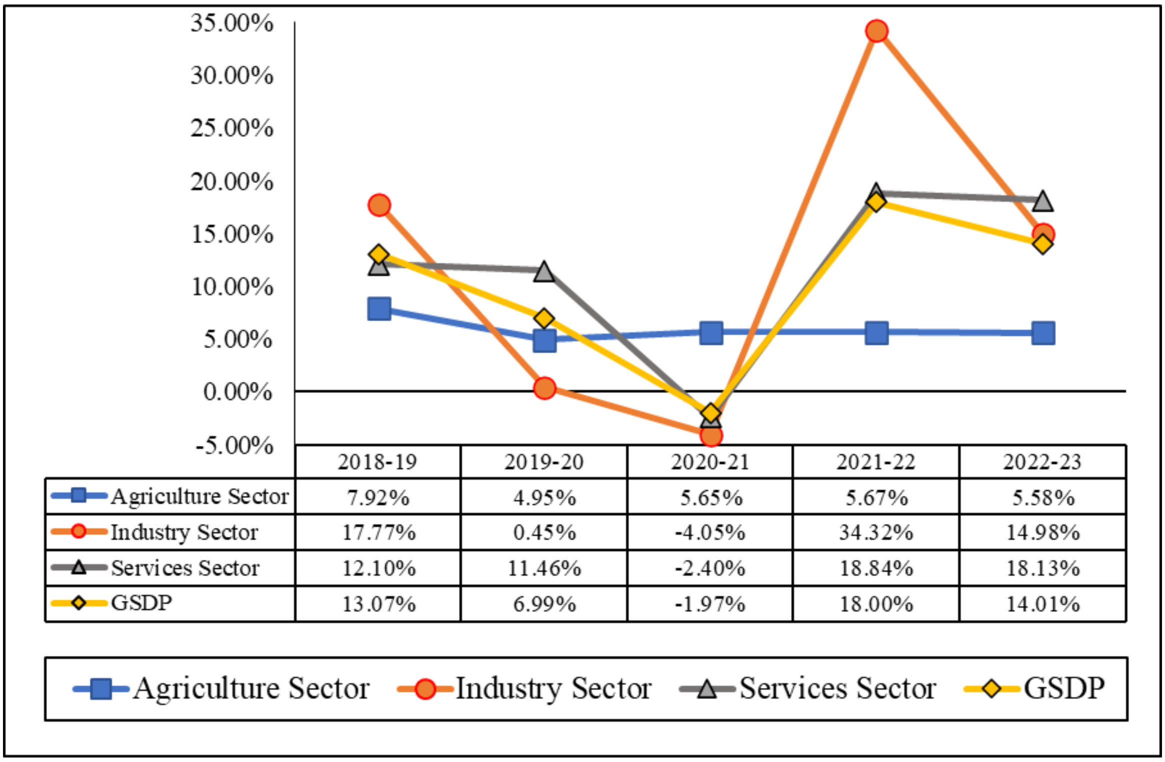
Table 1.2: Sectoral Contribution: GSVA

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Gross State Value Added (GSVA)	10,26,683	11,02,641	10,91,981	12,99,459	14,90,844
Agriculture Sector/GSVA (in *per cent*)	22.78	22.26	23.75	21.09	19.41
Industry Sector/GSVA (in *per cent*)	23.43	21.92	21.23	23.97	24.02
Services Sector/GSVA (in *per cent*)	53.79	55.82	55.02	54.94	56.57

Source: The figures of GSVA at basic prices and GSDP at current prices, for West Bengal, for the period 2011-12 to 2022-23 (as on 01 August 2023), released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India

Chart 1.2: Trends in Sectoral growth rates *vis-a-vis* growth rates of GSDP



	2018-19	2019-20	2020-21	2021-22	2022-23
Agriculture Sector	7.92%	4.95%	5.65%	5.67%	5.58%
Industry Sector	17.77%	0.45%	-4.05%	34.32%	14.98%
Services Sector	12.10%	11.46%	-2.40%	18.84%	18.13%
GSDP	13.07%	6.99%	-1.97%	18.00%	14.01%

Source: The figures of Gross State Value Added by economic activity, at current prices, for West Bengal, for the period 2011-12 to 2022-23 (as on 01 August 2023), released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India

Table 1.2 shows that the services sector, the contribution of which ranged between 54 to 57 *per cent* of the GSVA, during 2018-23, is the main driver of economic growth. The rebound of contact-based[2] services, driven by pent-up demand, ease of mobility restrictions, were substantially responsible for the comeback of the services sector in 2021-22, to the pre-pandemic levels. The sector maintained upside growth during 2021-22 (**Chart 1.2**). However, the growth of the sector, in the current year, declined marginally by 0.71 *per cent,* from the level of growth during 2021-22. Decline in the growth of sectors like Air Transport, from 87.52 *per cent* to 43.81 *per cent* and Real Estate, Ownership of Dwelling and Professional services, from 33.27 *per cent* to 29.34 *per cent*, contributed to this.

The Industry sector contributed around 21 to 24 *per cent* to the GSVA, and had a robust rate of growth, at 34.32 *per cent,* during 2021-22, on account of release of ‘pent-up’ demand after COVID. This growth rate, however, declined to 14.98 *per cent* in 2022-23. Contraction in the growth rates of the Construction and Manufacturing sectors, by 32.19 and 16.97 *per cent,* respectively, contributed to this decline. The steep decline in the rate of growth of the Industry sector, affects the overall economic development of the State and is a matter of concern.

The Agricultural sector, contributed around 19 to 24 *per cent* of the GSVA, and grew continuously since 2019-20, before falling marginally by 0.09 *per*

[2] Services rendered through Tourism, retail, trade, hotels *etc.*

cent in 2022-23. The decline in the growth rate of Forestry & Logging, by 2.20 *per cent,* contributed to this.

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.

The 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, as also from 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 Accountant General (Accounts & Entitlement) and the 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 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 upon 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 heads 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.

1.4.1 Budget Documents

Article 202 of the Constitution mandates that a statement of estimated receipts and expenditures of the Government, in respect of every financial year, be presented before the House or Houses of the Legislature of the State. 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).

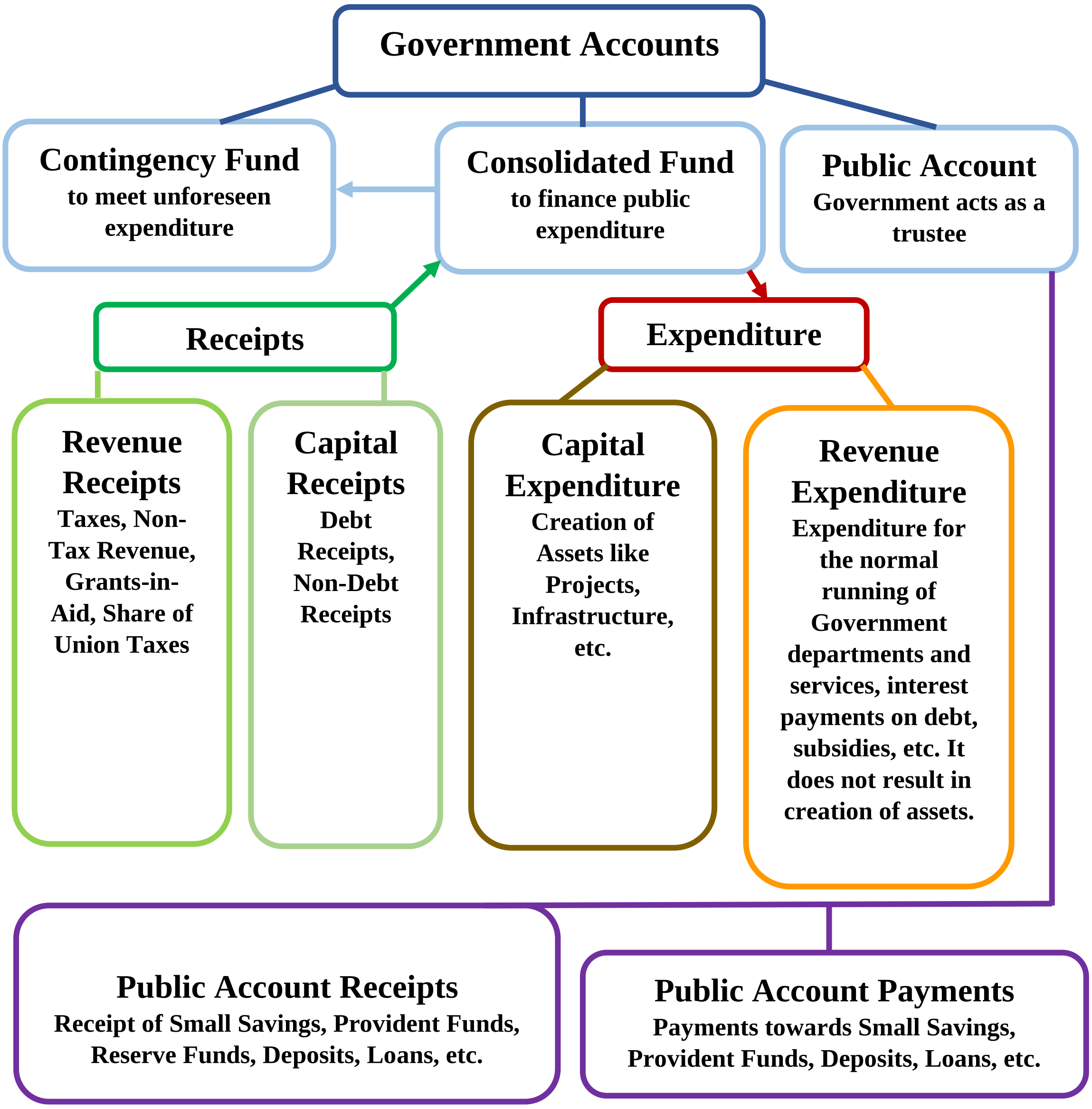
The **Capital Receipts** consist of:

- **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, buildings, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

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

Chart 1.3: Structure of Government Accounts



Public Debt and Public Liability: In this Report, 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to the National Small Savings Fund (NSSF), loan given by the Central Government etc. For this purpose, the major heads '6003' and '6004' have been taken into consideration.

Further, transactions relating to 'Small Savings, Provident Fund etc.', 'Reserve Funds' and 'Deposits and Advances', under the Public Account, are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. Transactions relating to 'Remittances' and 'Suspense' under the Public Account embrace all merely adjusting heads under which appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include transactions under the major heads '8001' to '8554', relating to 'Small Savings, Provident Fund etc.', 'Reserve Funds' and 'Deposits and advances', along with transactions under the major heads '6003' and '6004'.

1.4.2 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.

1.5 Snapshot of Finances

Table 1.3 provides the details of actual financial results, *vis-à-vis* the Budget Estimates, for the year 2022-23, along with the actuals of 2021-22.

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

Sl. No.	Components	2021-22 (Actuals)	2022-23 (Budget Estimate)	2022-23 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		(₹ in crore)				
1	Tax Revenue	**1,36,623**	**1,40,784**	**1,55,043**	**110.13**	**9.97**
i)	Own Tax Revenue	71,082	79,347	83,608	105.37	5.38
ii)	Share of Union taxes/duties	65,541	61,437	71,435	116.27	4.59
2	Non-Tax Revenue	1,690	6,672	2,197	32.93	0.14
3	Grants-in-aid and Contributions	39,846	50,591	38,304	75.71	2.46
4	**Revenue Receipts (1+2+3)**	**1,78,159**	**1,98,047**	**1,95,544**	**98.74**	**12.58**
5	Recovery of Loans and Advances	58	185	82	44.32	0.01

Sl. No.	Components	2021-22 (Actuals)	2022-23 (Budget Estimate)	2022-23 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		(₹ in crore)				
6	Miscellaneous Capital Receipts	0	0	0	-	0.00
7	**Non-Debt Receipts (4+5+6)**	**1,78,217**	**1,98,232**	**1,95,626**	**98.69**	**12.58**
8	Borrowings and other Liabilities (a)	50,528	62,402	49,787^	79.78	3.20
9	**Total Receipts (7+8)**	**2,28,745**	**2,60,634**	**2,45,413**	**94.16**	**15.78**
10	**Revenue Expenditure**	**2,10,159**	**2,26,327**	**2,22,839***	**98.46**	**14.33**
11	Interest Payments	36,672	39,111	40,018	102.32	2.57
12	**Capital Expenditure**	**17,484**	**33,144**	**22,009***	**66.40**	**1.42**
13	Loan and advances	1,102	1,158	565	48.79	0.04
14	**Total Expenditure (10+12+13)**	**2,28,745**	**2,60,629**	**2,45,413^**	**94.16**	**15.78**
15	**Revenue Deficit (10-4)**	**32,000**	**28,280**	**27,295**	**96.52**	**1.76**
16	**Fiscal Deficit (14-7)**	**50,528**	**62,397**	**49,787**	**79.79**	**3.20**
17	**Primary Deficit (16-11)**	**13,856**	**23,286**	**9,769**	**41.95**	**0.63**

Source: Finance Accounts

(a) 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.

^ Excluding Appropriation to Contingency Fund of ₹ 180 crore.

**Revenue Expenditure (RE) of ₹ 3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2022-23 would thus be ₹ 2,26,071 crore instead of ₹ 2,22,839 crore. Similarly, actual CE during 2022-23 would be ₹ 18,777 crore instead of ₹ 22,009 crore.*

Actual revenue receipts were higher than the previous year's receipts by ₹ 17,385 crore (9.76 *per cent*). This was primarily due to increased collection of State's Own Tax Revenue (OTR) than the PY[3] by ₹ 12,526 crore, mainly in the case of SGST[4] (by ₹ 6,696 crore), State Excise (by ₹ 2,724 crore), as also due to increase in the State's share of Union Taxes and Duties by ₹ 5,894 crore (mainly on account of increase in the State's share of Corporation Tax by ₹ 5,781 crore). Increased collection of State's Non-Tax Revenue (NTR) by ₹ 507 crore, over the PY, also contributed to this hike. The higher revenue receipts were partly counter-balanced by fall in the receipts of Grants - in - Aid from the Government of India (by ₹ 1,542 crore). However, the buoyancy of Tax Revenue with respect to Revenue Receipts, being at 1.38, remained lower than the Budget Estimates at 2.00.

The actual revenue expenditure was more than PY's revenue expenditure by ₹ 12,680 crore (6.03 *per cent*), mainly due to enhanced expenditure under the *Lakshmir Bhandar* scheme (by ₹ 6,215 crore). Capital Expenditure fell short of the BEs by 33.60 *per cent* but exceeded the expenditure of PY by 25.88 *per cent.* This was mainly on account of significant enhancement of expenditure for infrastructure projects under 'Urban Development' and 'Medical & Public Health'.

The Revenue Deficit was less than the BEs by 3.48 *per cent,* as the State's share of Union Taxes & Duties and OTR, were higher than the BEs, by 16.27 and 5.37 *per cent,* respectively. This apart, revenue expenditure being lower than BEs, resulted in lesser than anticipated revenue deficit.

[3] Previous Year

[4] State Goods and Services Tax

The Fiscal Deficit was within the BEs and decreased by 1.47 *per cent* over 2021-22, as capital expenditure was lower than the BEs by 33.60 *per cent*. This, combined with lower Revenue Deficit over the BE, resulted in lower than anticipated fiscal deficit over the BE.

1.6 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. The summarised position of the state's assets and liabilities is shown in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

Liabilities					Assets				
Components		**2021-22**	**2022-23**	***Per cent* increase**	**Components**		**2021-22**	**2022-23**	***Per cent* increase**
		(₹ in crore)					**(₹ in crore)**		
Consolidated Fund									
A	Internal Debt	4,42,865	4,79,797	8.34	A	Gross Capital Expenditure	1,68,624	1,90,633	13.05
B	Loans and Advances from GoI	27,423	30,966	12.92	B	Loans and Advances	17,150	17,633	2.82
					C	Appropriation to Contingency Fund	0	180	-
Contingency Fund		20	200	900.00	**Contingency Fund**		59	11	(-)81.36
Total		**4,70,308**	**5,10,963**	8.64	**Total**		**1,85,833**	**2,08,457**	12.17
Public Account									
A	Small Savings, Provident Funds, etc.	21,436	22,627	5.56	A	Advances	29	29	0.00
B	Deposits	42,239	48,232	14.19	B	Remittance	486	(-)1	(-)100.21
C	Reserve Funds	14,748	16,965	15.03	C	Suspense and Miscellaneous	(-)5,234	(-)4,047	22.68
D	Remittances	-	-	-	**Cash balance**[5]		32,602	32,039	(-)1.73
Total		**78,423**	**87,824**	11.99	**Total**		**27,883**	**28,020**	0.49
					Deficit in Revenue Account		3,35,015	3,62,310	8.15
Total		**5,48,731**	**5,98,787**	9.12	**Total**		**5,48,731**	**5,98,787**	9.12

Source: Finance Accounts

During 2022-23, the Liabilities of the Government increased by 9.12 *per cent* (₹ 50,056 crore). The internal debt constituted around 80 *per cent* of the total liabilities of the State Government. Outstanding balances of Market loans, which contributed around 89 *per cent* of the Internal debt during 2022-23, increased by ₹ 42,500 crore (11 *per cent*) over the PY. Further, balances of Deposits under the Public Account, which contributed around eight *per cent* of the liabilities, increased by ₹ 5,993 crore (14.19 *per cent*). The above two components primarily contributed to the increase in the liabilities of the Government.

[5] Includes investment in Earmarked Fund of ₹ 12,233 crore and ₹ 13,419 crore at the end of 2021-22 and 2022-23, respectively

On the Assets side, the cumulative Capital Expenditure constituted only 31.84 *per cent* of the total assets of the State Government. 10.40 *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 89.60 *per cent*, comprised of cumulative expenditure for creation of infrastructure for transport sector, power, health, public works etc. The cash balance position of the State, which accounted for around five *per cent* of the Assets, decreased by ₹ 563 crore over the PY, because of reduction in the investment of cash balance by the State Government which has been discussed in **Paragraph 2.15** of the Report.

1.7 Fiscal Balance: Achievement of Deficit and Total Debt Targets

The State Government, in compliance of the recommendations of the Twelfth Finance Commission (12^{th} FC), enacted the West Bengal Fiscal Responsibility and Budget Management (WBFRBM) Act, 2010. The Act was amended in 2011 and came into force on 7 February 2011. As per the 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 the provisions of the WBFRBM Act.

The WBFRBM (Amendment) Act, 2011, was amended in March 2020, followed by amendments in February 2021 and March 2022, with the amended Act being renamed as the 'WBFRBM (Amendment) Acts, 2020, 2021 and 2022', effective from 2019-20, 2020-21 and 2021-22, respectively. The amendments effected in sub-section (2) of section 4 of the WBFRBM Act, 2010, are explained in the succeeding paragraph.

As per the WBFRBM (Amendment) Act, 2011, Revenue Deficit (RD) was to be eliminated from 2014-15. In the MTFPSs from 2019-20 to 2021-22, the targets in regard to RD, with respect to GSDP, were shown as 'Nil' throughout the period 2018-21, whereas, in the MTFPSs for the FYs 2022-23 and 2023-24, the targets for the years 2021-22 and 2022-23 were shown as 1.74 and 1.82 *per cent,* respectively. 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.

The WBFRBM Act, and its amendments effected from time to time, envisaged that the State Government shall limit Fiscal Deficit (FD) as a percentage of the GSDP, to three *per cent* in 2018-19, 3.34 *per cent* in 2019-20 and, thereafter, five *per cent* each for the financial years 2020-21 and 2021-22. In November 2022, sub-section (2) under section 4 of the WBFRBM Act, 2010, was amended and renamed as WBFRBM (Second) Amendment Act, 2022, wherein the maximum FD, as a percentage of the GSDP, was fixed at four *per cent,* for the year 2022-23.

In the MTFPS 2019-20, the target with respect to the total Outstanding Debt (OD) to GSDP, was shown as 34.33 *per cent*, for the financial year 2018-19. 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 the targets relating to key fiscal parameters, prescribed in the MTFPS for the year 2018-19, WBFRBM (Amendment) Acts 2020, 2021, 2022 and 2023, applicable for the years 2019-20, 2020-21, 2021-22 and 2022-23, respectively, *vis-à-vis* achievements during the last five-years (2018-23), is given in **Table 1.5.**

Table 1.5: Compliance with the provisions of the State FRBM Act

Fiscal Parameters		Achievement *vis-à-vis* targets				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/Surplus (+) (₹ in crore)	Target	0	0	0	(-)26,755	(-)28,280
	Achievement	(-)10,399 ✗	(-)19,661 ✗	(-)29,527 ✗	(-)32,000 ✗	(-)27,295 ✓
Fiscal Deficit (-)/Surplus (+) (₹ in crore)	Target	(-)23,805	(-)27,254	(-)31,483	(-)60,834	(-)62,397
	Achievement	(-)33,485 ✗	(-)36,831 ✗	(-)44,688 ✗	(-)50,528 ✓	(-)49,787 ✓
Ratio of total outstanding debt to GSDP (in *per cent*)	Target	34.33	34.30	34.30	34.30	34.30
	Achievement	35.69 ✗	36.76 ✗	41.70 ✗	38.86 ✗	37.63 ✗

Source: MTFPSs 2018-19 to 2022-23, WBFRBM (Amendment) Acts and Finance Accounts (2018-23)

Note 1: '✓' denotes target achieved, '✗' denotes target not achieved.

Analysis of the data shown in **Table 1.5** indicates the following:

- The Revenue Deficit of the State was not eliminated, despite the target of 'Zero' set in MTFPS 2018-21. 15th FC, after assessing the revenue and expenditure of the State, recommended post-devolution revenue deficit (PDRD) grants of ₹ 13,587 crore, for the year 2022-23. However, despite receipt of PDRD grants, the State registered RD of ₹ 27,295 crore (1.76 *per cent* of GSDP) in 2022-23 from ₹ 10,399 crore (0.94 *per cent* of GSDP), in 2018-19. During 2018-23, RD grew at an average annual rate of 9.68 *per cent.*
- Fiscal Deficit (₹ 49,787 crore), in 2022-23, decreased by 1.47 *per cent*, in comparison to the preceding year (₹ 50,528 crore). FD, as a percentage of GSDP, was within the target of four *per cent*, set in the WBFRBM (Second) Amendment Act, 2022. In the current year, this percentage, however, increased to 3.20 *per cent* from 3.04 *per cent*, registered in 2018-19.
- Ratio of RD to FD slightly decreased to 54.82 *per cent* during 2022-23, from 63.33 *per cent* in 2021-22, which was still very high, indicating that most of the State's borrowings were used to finance the Revenue Deficit. Borrowed funds, used for meeting revenue expenditure, create liability for future years, without creating any assets.
- During 2022-23, Outstanding debt (₹ 5,85,169 crore) grew by 9.08 *per cent* (₹ 48,691 crore) over the previous year (₹ 5,36,478 crore). During the last five years, the ratio of OD to GSDP, was above the

limits set in the MTFPS (2019-20) and WBFRBM (Amendment) Act, 2020.

1.7.1 Targets of fiscal variables in the 15th FC and Budget – achievement thereagainst

Table 1.6 shows the targets specified for major fiscal variables during 2022-23, in the 15th FC Report, as well as in the Budget documents, and the actuals thereagainst.

Table 1.6: Targets *vis-à-vis* achievements in respect of major fiscal aggregates for the year 2022-23

Fiscal Variables	Targets as prescribed by 15th FC	Targets in the Budget	Actuals	Percentage variation of actuals over	
				Targets of 15th FC	Targets in Budget
Revenue Deficit (-)/Surplus (+) w.r.t. GSDP (in *per cent*)	0.80	(-)1.65	(-)1.76	(-)320.00	(-)6.67
Fiscal Deficit (-)/Surplus (+) w.r.t. GSDP (in *per cent*)	(-)3.50	(-)3.64	(-)3.20	8.57	12.09
Debt# w.r.t. GSDP (in *per cent*)	42.60	34.23	37.63	11.67	(-)9.93

Source: Recommendations of 15th FC, MTFPS 2022-23 and Finance Accounts 2022-23

#Here Debt denotes Outstanding Debt

(-) denotes targets remained unachieved

- The 15th FC, in its Report, mentioned that shortfall in the estimated revenue deficit of the State, is met by an equivalent provision of PDRD grant. **Table 1.6,** however, shows that the State continued to budget revenue deficits, deviating from the estimations of the FC, undermining the fiscal consolidation path suggested by the FC, thereby causing difficulty in attainment of fiscal sustainability.
- The Fiscal Deficit target, with respect to the 15th FC and Budget, was achieved.
- In regard to the ratio of Debt to GSDP, the actuals were lower than the target of the 15th FC, by 4.97 *per cent* but higher than the target of the Budget, by 3.40 *per cent*.

1.7.2 Medium Term Fiscal Policy

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

Table 1.7 indicates the variation between the projections made for 2022-23, in the MTFP presented to the State Legislature, along with the Actuals of the year 2022-23.

Table 1.7: Actuals *vs.* Projections in the MTFP for 2022-23

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2022-23)	Variation
		(₹ in crore)		(in *per cent*)
1	Own Tax Revenue	79,347	83,608	5.37
2	Non-Tax Revenue	6,672	2,197	(-)67.07
3	Share of Central Taxes	61,437	71,435	16.27
4	Grants-in-aid from GoI	50,591	38,304	(-)24.29
5	Revenue Receipts (1+2+3+4)	1,98,047	1,95,544	(-)1.26
6	Revenue Expenditure	2,26,327	2,22,839*	(-)1.54
7	Revenue Deficit (-)/Surplus (+) (5-6)	(-)28,280	(-)27,295	3.48
8	Fiscal Deficit (-)/Surplus (+)	(-)62,397	(-)49,787	20.21
9	Debt-GSDP ratio (*per cent*)	34.23	37.63	(-)9.93#

Source: Finance Accounts, MTFPS 2022-23
**Actual figure would be ₹2,26,071 crore if ₹3,232 crore, incorrectly booked as Capital Expenditure is considered. Resultantly, variation of actuals w.r.t. MTFP would be (-)0.11 per cent.*

#Here (-) sign denotes targets remained unachieved

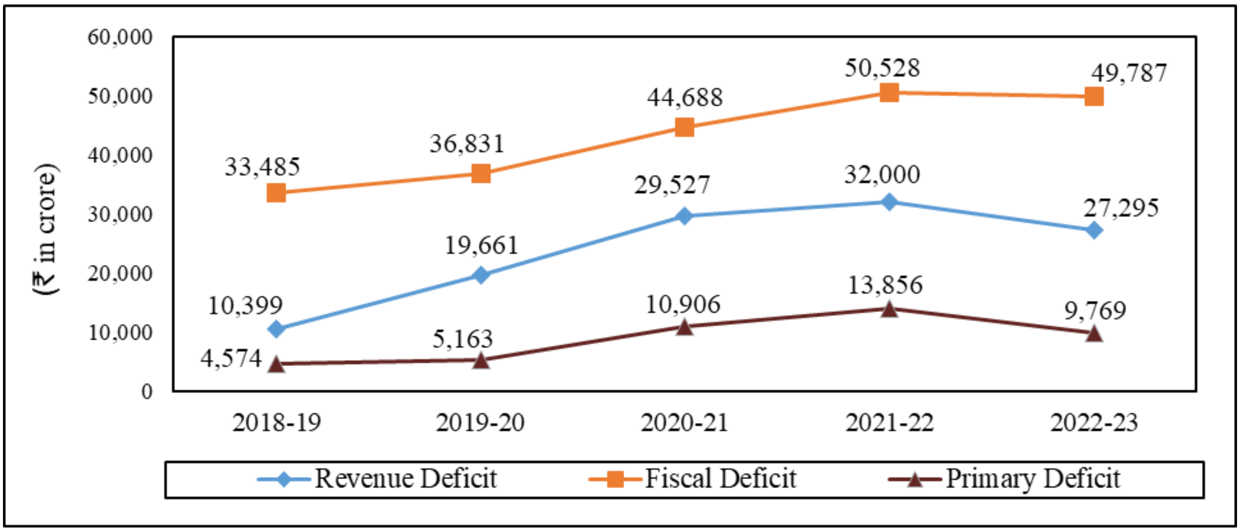
As may be seen from **Table 1.7**, two out of the four revenue variables and one out of the three fiscal variables, were lower than the projections made in MTFPS. Amongst these, collection on State's Non-Tax Revenue was significantly lower than the projection, by 67.07 *per cent*. Following the WBFRBM (Amendment) Act 2011, RD was to be eliminated from the year 2014-15. However, the State set a target of ₹ 28,280 crore for the RD, which was achieved, alongwith other two fiscal variables (FD and Debt). Variations in the above fiscal variables have been discussed in subsequent sections of this Chapter, while the revenue variables have been discussed in **Chapter II** of this report.

1.7.3 Fiscal Parameters

The three key fiscal parameters – revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances during a specified period.

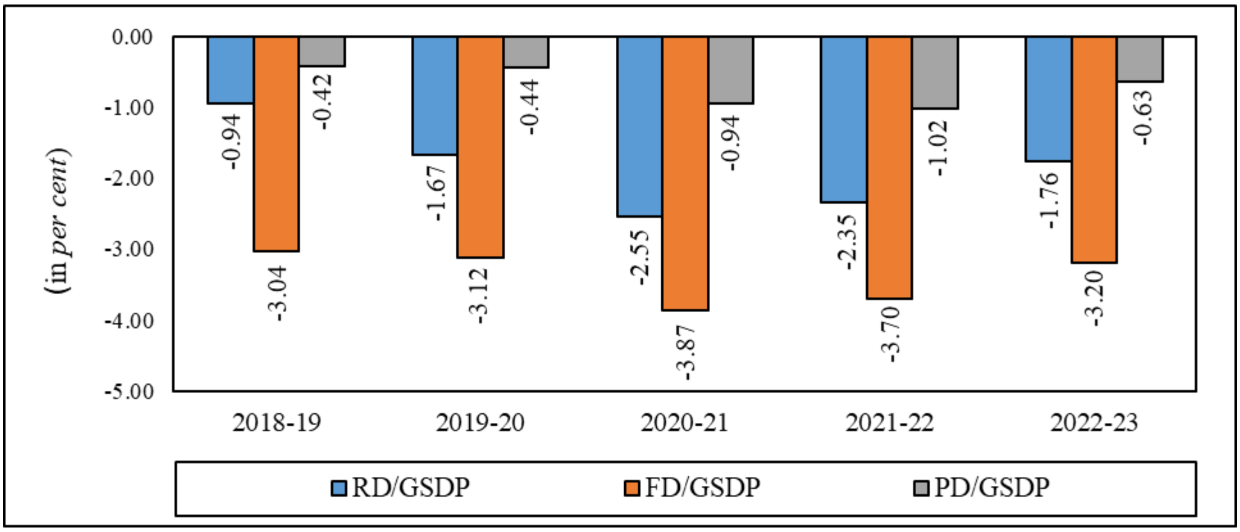
Charts 1.4 and **1.5** present the trends in deficit parameters and trends relative to GSDP, respectively, over the period 2018-23.

Chart 1.4: Trends in deficit parameters



Source: Finance Accounts

Chart 1.5: Trends in Surplus (+)/Deficit (-) relative to GSDP



Source: Finance Accounts

During 2022-23, Revenue Expenditure grew by 6.03 *per cent,* whereas Revenue Receipts grew by 9.76 *per cent*, which led to decrease in the Revenue deficit by 14.70 *per cent,* to ₹ 27,295 crore, from the level of ₹ 32,000 crore during 2021-22. Revenue Receipts and Revenue Expenditure have been discussed in detail in **Chapter II** of this Report.

The State had a fiscal deficit of ₹ 49,787 crore during the year 2022-23, representing 3.20 *per cent* of the GSDP and 20.29 *per cent* of the Total Expenditure. Despite the growth of Capital Expenditure by 25.88 *per cent*, FD reduced by 1.47 *per cent* (₹ 741 crore), as the RD decreased by 14.70 *per cent*.

Primary Deficit (PD) decreased by 29.50 *per cent* to ₹ 9,769 crore, as the growth of receipts was more than that of expenditure over 2021-22, narrowing the gap of deficit.

1.7.4 Performance of the State Government with respect to borrowings according to the limits fixed by Government of India

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. Such borrowings are regulated under Article 293(3) of the Constitution of India, under which the State is required to obtain consent of GoI. The State Government is, therefore, for raising open market borrowings (OMBs), required to obtain consent from Ministry of Finance, Government of India.

In line with the recommendations of the 15th FC, GoI had fixed the borrowing limit of the State, for the year 2022-23, at 3.50 *per cent* of the estimated GSDP. The State was also eligible for additional borrowing of 0.50 *per cent* of GSDP, linked to the performance of the power sector. Against the GoI's permissible limit of borrowing of ₹ 91,376 crore for the financial year 2022-23, GoWB has availed OMBs of ₹ 63,000 crore.

1.8 Deficits post examination by Audit

Table 1.8 shows the actual position of deficits, after taking into account short/non-contribution to funds and incorrect classifications/booking by the State Government, during 2022-23.

Table 1.8: Actual Revenue and Fiscal Deficit

Particulars	Impact on Revenue Deficit (Understated (+)/Overstated (-))	Impact on Fiscal Deficit (Understated (+)/Overstated (-))	Paragraph Reference
	(₹ in crore)		
Short payment of interest on Interest bearing Reserve Funds and Deposits bearing interest	1.59	1.59	Paragraph 4.3 of this Report and Para 3(x) of Notes to Finance Accounts (NTFA)
Misclassification between Capital and Revenue Expenditure	3,231.57	-	Paragraph 3.3.2 of this Report and Para 3(iii) of NTFA
Non-recoupment of Contingency Fund drawal	3.94	11.03	Paragraph 2.11 of this Report and Para 4 of NTFA
Non-contribution to Consolidated Sinking Fund	1,507.90	1,507.90	Paragraph 2.12.3.1 of this Report and Para 5(ii)(B)(a) of NTFA

Particulars	Impact on Revenue Deficit (Understated (+)/Overstated (-))	Impact on Fiscal Deficit (Understated (+)/Overstated (-))	Paragraph Reference
	(₹ in crore)		
Non-contribution to Guarantee Redemption Fund	34.42	34.42	Paragraph 2.12.3.3 of this Report and Para 5(ii)(B)(b) of NTFA
Total	**4,779.42**	**1,554.94**	

Source: Finance Accounts and Audit Analysis

As may be seen from **Table 1.8**, there was understatement of RD and FD, by ₹ 4,779 crore and ₹ 1,555 crore, respectively. Thus, the State's actual RD and FD would stand at ₹ 32,074 crore and ₹ 51,342 crore, respectively, instead of ₹ 27,295 crore and ₹ 49,787 crore (as mentioned in Paragraph 1.7.3), if the items mentioned in **Table 1.8** are factored in.

1.9 Post Audit– Total Outstanding Debt

As per the WBFRBM Act, 2010, 'total liabilities' refer to the liabilities under the Consolidated Fund and the Public Account of the State, referred to in Article 266 of the Constitution of India. The outstanding debt/liabilities can be split into various components, as shown in **Table 1.9.**

Table 1.9: Components of Outstanding Debt/Liabilities as on 31 March 2023

Borrowings and other liabilities, as per Finance Accounts	Amount (₹ in crore)
Internal Debt (A)	**4,79,797.26**
Market Loans bearing interest	4,28,133.96
Market Loans not bearing interest	0.00
Bonds	2.30
Loans from Financial Institutions	7,344.57
Special Securities issued to the National Small Savings Fund of the Central Government	44,316.43
Loans and Advances from the Central Government (B)	**30,965.96**
Loans for Centrally Sponsored Plan Schemes	(-)0.03
Other Loans for States Schemes	19,199.63
Pre-1984-85 Loans	4.83
Non-Plan Loans	3,452.39
Loans for State/Central Plan Schemes	8,309.14
Liabilities under the Public Accounts (C)	**74,405.73**
Small Savings, Provident Funds, etc.	22,627.35
Reserve Funds	3,546.05
Deposits	48,232.33
Total (A+B+C)	**5,85,168.95**

Source: Finance Accounts

Out of the total outstanding debt/liabilities, as on 31 March 2023, Internal Debt constituted 82 *per cent,* followed by liabilities under the Public Account at 12.71 *per cent* and loans & advances from Central Government at 5.29 *per cent*.

During 2022-23, GoWB did not borrow outside the state budget. However, there were some borrowings, prior to 2022-23, 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, raised Cash Credit Loans (CCLs) through two State Public Sector Undertakings[6], for implementation of the scheme 'Potato Procurement 2010', in the shape of off-budget borrowings. These borrowings were raised from the West Bengal Central Co-operative Bank. Government, during 2022-23, repaid ₹ 12 crore as principal and ₹ 4 crore as interest, to these entities, which was accounted for as Grants-in-Aid. At the end of 2022-23, repayment of ₹ 20 crore and ₹ 4 crore, towards principal and interest, respectively, were due upto March 2023, from these two entities. Thus, Outstanding Debt/Liabilities of ₹ 5,85,169 crore, as on 31 March 2023, shown in the Finance Accounts, remained understated by ₹ 20 crore. 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 its budget documents/annual financial statements. Details of off-budget borrowings have been discussed in **Chapter II** of this Report.

[6] West Bengal State Co-operative Marketing Federation Limited (BENFED) and West Bengal State Consumers' Co-operative Federation Limited (CONFED)

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 trends during the five-year period from 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State.

2.2 Major Changes in key fiscal aggregates in 2022-23 *vis-à-vis* 2021-22

Major changes in key fiscal aggregates of the State during the financial year 2022-23, compared to the previous year, are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts	✓ Revenue receipts of the State increased by 9.76 *per cent* ✓ Own Tax receipts of the State increased by 17.62 *per cent* ✓ Own Non-tax receipts increased by 30 *per cent* ✓ State's Share of Union Taxes and Duties increased by 8.99 *per cent* ✓ Grants-in-aid from Government of India decreased by 3.87 *per cent*
Revenue Expenditure	✓ Revenue expenditure increased by 6.03 *per cent* (*would be 7.57 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Revenue expenditure on General Services increased by 0.97 *per cent* ✓ Revenue expenditure on Social Services increased by 12.78 *per cent* (*would be 3.49 per cent considering misclassification between Social & Economic services and Revenue & Capital expenditure*) ✓ Revenue expenditure on Economic Services decreased by 4.25 *per cent* (*would increase by 39.95 per cent considering misclassification between Economic & Social services and Revenue & Capital expenditure*) ✓ Expenditure on Grants-in-aid and Contributions increased by 15.25 *per cent*
Capital Receipts	✓ Debt Capital Receipts decreased by 9.46 *per cent* ✓ Non-debt Capital Receipts increased by 41.38 *per cent*

Capital Expenditure	✓ Capital expenditure increased by 25.88 *per cent* (*would be 7.40 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Capital expenditure on General Services increased by 20.18 *per cent* (*would be 20.10 per cent considering misclassification between Revenue and Capital expenditure*) ✓ Capital expenditure on Social Services increased by 33.82 *per cent* (*would be 1.41 per cent considering misclassification between Social & Economic services and Revenue & Capital expenditure*) ✓ Capital expenditure on Economic Services increased by 19.99 *per cent* (*would be 11.35 per cent considering misclassification between Economic & Social services and Revenue & Capital expenditure*)
Loans and Advances	✓ Disbursement of Loans and Advances decreased by 48.73 *per cent* ✓ Recoveries of Loans and Advances increased by 41.38 *per cent*
Public Debt	✓ Public Debt Receipts decreased by 9.46 *per cent* ✓ Repayment of Public Debt decreased by 5.62 *per cent*
Public Account	✓ Public Account Receipts increased by 5.03 *per cent* ✓ Disbursement from Public Account increased by 3.74 *per cent*
Cash Balance	✓ Cash balance decreased by 1.73 *per cent*

Source: Finance Accounts
Note 1: Revenue Expenditure (RE) of ₹ 3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE)
Note 2: During 2022-23, Revenue Expenditure of ₹ 13,716 crore in the Public Distribution System, misclassified in Social Services (SS) instead of Economic Services (ES). Similarly, in the Pradhan Mantri Aawas Yojana, ₹1,792 crore was 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 2022-23 with 2021-22.

Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23

Parameters	Particulars	2021-22	2022-23	Increase/Decrease (*percentage shown in brackets*)
		(₹ in crore)		
Sources	Opening Cash Balance with RBI	32,246	32,602	356 (1.10)
	Revenue Receipts	1,78,159	1,95,544	17,385 (9.76)
	Recoveries of Loans and Advances	58	82	24 (41.38)
	Misc. Capital Receipts	0	0	0 (-)
	Public Debt Receipts (Net)	46,041	40,475	(-)5,566 (-12.09)
	Contingency Fund	0	180	180 (-)
	Public Account Receipts (Net)	4,895	8,701	3,806 (77.75)
	Total	**2,61,399**	**2,77,584**	**16,185 (6.19)**
Application	Revenue Expenditure	2,10,159	2,22,839	12,680 (6.03)
	Capital Expenditure	17,484	22,009	4,525 (25.88)
	Contingency Fund Disbursement	52	(-)48	(-)100 (-192.31)
	Disbursement of Loans and Advances	1,102	565	(-)537 (-48.73)
	Appropriation to Contingency Fund	0	180	180 (-)
	Closing Cash Balance with RBI	32,602	32,039	(-)563 (-1.73)
	Total	**2,61,399**	**2,77,584**	**16,185 (6.19)**

Source: Finance Accounts

Note: Revenue Expenditure (RE) of ₹ 3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2022-23 would thus be ₹2,26,071 crore instead of ₹2,22,839 crore. Similarly, actual CE during 2022-23 would be ₹18,777 crore instead of ₹22,009 crore.

A. Sources of Funds:

Revenue Receipts, in the shape of State's own revenue (₹ 85,805 crore) and Central tax transfer and grants (₹ 1,09,739 crore), emerged as a major contributor to the State's resources during 2022-23. Contribution of Revenue Receipts in the total resources of the State, increased to 70.44 *per cent* in the current year from 68.16 *per cent* in the PY. Share of Net Public Debt Receipts[7], which is mainly backed by market borrowings and loans & advances from GoI, decreased to 14.58 *per cent* from 17.61 *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[8] changed to 11.74 and 3.13 *per cent* respectively from 12.34 and 1.87 *per cent* in the PY. Share of contribution through Contingency Fund accounted for 0.06 *per cent* in the current year. The contribution through non-debt capital receipts, in the form of recovery of loans and advances, increased to 0.03 *per cent* from 0.02 *per cent* in the PY.

B. Application of Funds:

Out of the total resources mobilised in the current year, 45.01 *per cent* was spent on committed expenditure (₹ 1,24,948 crore) comprising salaries and

[7] Difference between the borrowings received and repayment on borrowings
[8] Difference between the receipt from Public Accounts and disbursement from Public Accounts

wages (48.26 *per cent*), interest payments (32.03 *per cent*) and expenditure on pensions (19.71 *per cent*). From the balance, after accounting for capital expenditure (7.93 *per cent*), disbursement of loans and advances (0.20 *per cent*), contingency fund disbursement (-0.02 *per cent*), appropriation to contingency fund (0.06 *per cent*) and closing cash balance with RBI (11.54 *per cent*), Government was left with 35.27 *per cent* (₹ 97,891 crore) of its gross mobilisation for spending revenue expenditure on various purposes.

Charts 2.1 and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2022-23 in terms of percentages.

Chart 2.1: Composition of Resources

(in *per cent*)

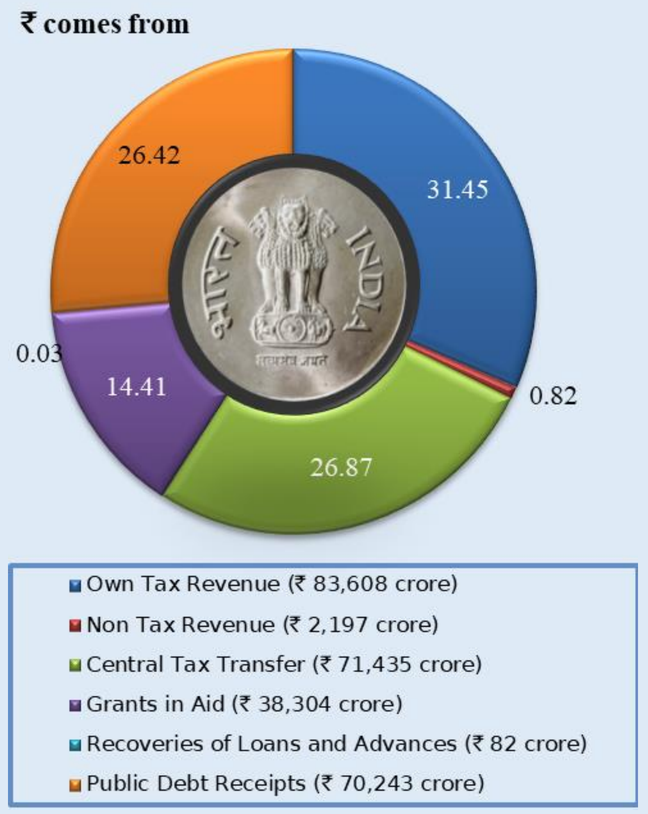
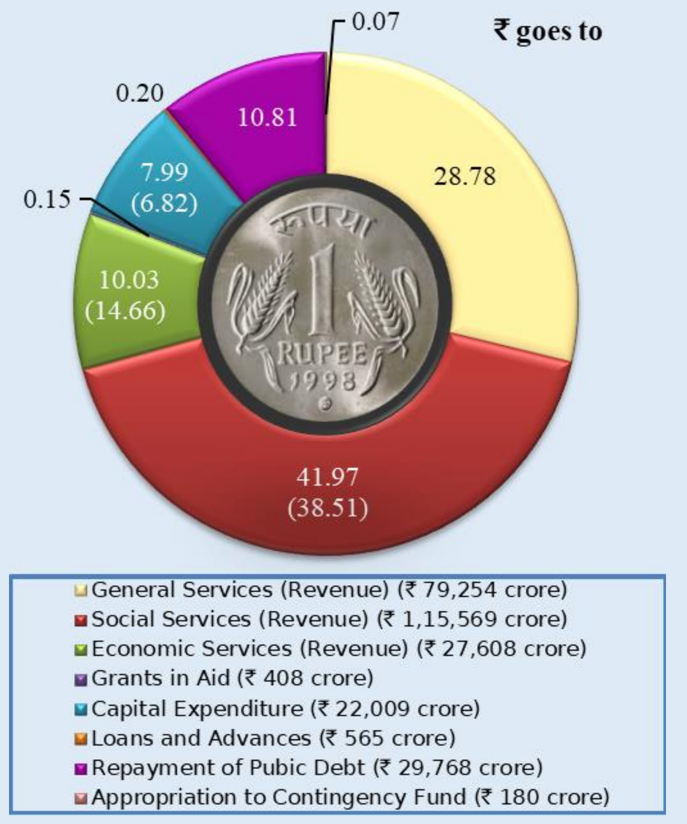


Chart 2.2: Application of Resources

(in *per cent*)



Source: Finance Accounts

Note 1: Revenue Expenditure (RE) of ₹3,232 crore (Social Sector: ₹2,411 crore and Economic Sector: ₹821 crore) in 2022-23 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2022-23 would thus be ₹2,26,071 crore instead of ₹2,22,839 crore. Similarly, actual CE during 2022-23 would be ₹18,777 crore instead of ₹22,009 crore.

*Note 2: During 2022-23, Revenue Expenditure of ₹ 13,716 crore in the Public Distribution System, misclassified in Social Services (SS) instead of Economic Services (ES). Similarly, in the Pradhan Mantri Aawas Yojana, ₹1,792 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 50.49 *per cent;*

- Beside Repayment of Public Debt (10.81 *per cent*), Interest Payments constituted 14.53 *per cent*, thereby taking overall Repayments to 25.34 *per cent* of the total expenditure in Consolidated Fund;
- The deficit in Consolidated fund was mainly financed through Public Debt Receipts (₹ 70,243 crore) while the remaining deficit was financed from the available balances held in Public Accounts.

Audit Impact

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 38.51 *per cent* instead of 41.97 *per cent*.
- Share of Economic Services (Revenue) would increase to 14.66 *per cent* instead of 10.03 *per cent*.
- Share of Capital Expenditure would decrease to 6.82 *per cent* instead of 7.99 *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** (debt and non-debt 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.

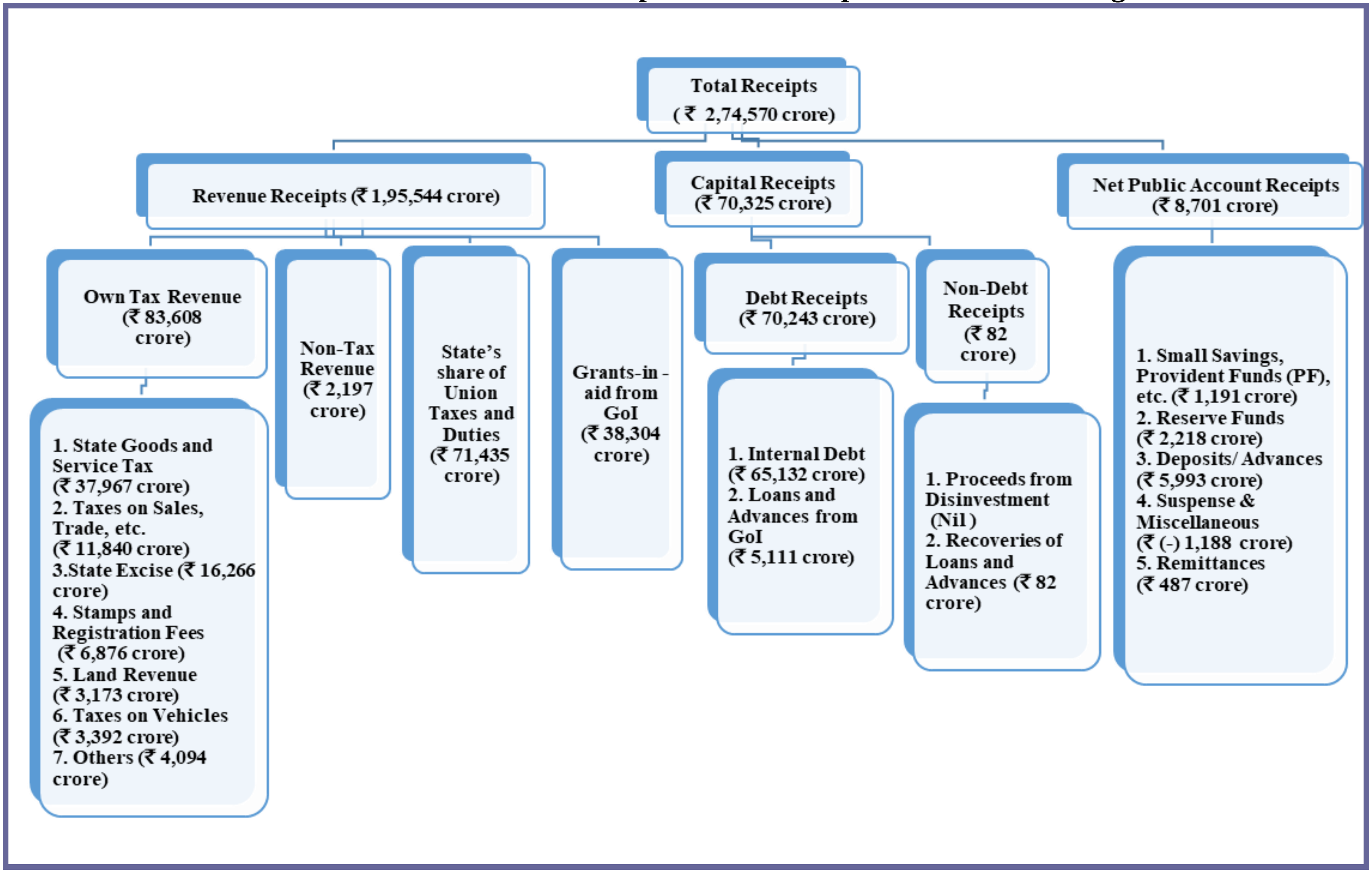
   Both revenue and capital receipts form part of the Consolidated Fund of the State.
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such as, small savings & provident funds, reserve funds, deposits, suspense, remittances, etc. which do not 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 2022-23 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2022-23



Source: Finance Accounts

In total receipts during 2022-23, contribution from Revenue Receipts, Capital Receipts and Net Public Account Receipts were 71.22, 25.61 and 3.17 *per cent* respectively, details of which have been discussed in subsequent paragraphs.

2.5 Revenue Receipts

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 (2018-23).

Table 2.3: Trend in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR) (₹ in crore)	1,45,975	1,42,914	1,48,394	1,78,159	1,95,544
Rate of growth of RR (in *per cent*)	11.20	(-)2.10	3.83	20.06	9.76
Tax Revenue (₹ in crore)	1,16,508	1,08,717	1,05,024	1,36,623	1,55,043
Own Tax Revenue (₹ in crore)	*60,732*	*60,669*	*60,287*	*71,082*	*83,608*
State's share of Union Taxes and Duties (₹ in crore)	*55,776*	*48,048*	*44,737*	*65,541*	*71,435*
Non-Tax Revenue (₹ in crore)	3,657	3,213	5,198	1,690	2,197

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Grants-in-aid from Government of India (₹ in crore)	25,810	30,984	38,172	39,846	38,304
Own Revenue (Own Tax and Non-tax Revenue) (₹ in crore)	64,389	63,882	65,485	72,772	85,805
Rate of growth of Own Revenue (in *per cent*)	15.31	(-)0.79	2.51	11.13	17.91
Gross State Domestic Product (₹ in crore) (2011-12 Series)	11,02,054	11,79,097	11,55,821	13,63,926	15,54,992
Rate of growth of GSDP (in *per cent*)	13.07	6.99	(-)1.97	18.00	14.01
RR/GSDP (in *per cent*)	13.25	12.12	12.84	13.06	12.58
Buoyancy Ratios[9]					
Revenue Buoyancy w.r.t GSDP	0.86	-*	-*	1.11	0.70
State's Own Revenue Buoyancy w.r.t GSDP	1.17	-*	-*	0.62	1.28

Source: Finance Accounts

**Buoyancy Ratio was not calculated as the growth of GSDP/State's Own Revenue/Revenue Receipts were negative.*

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

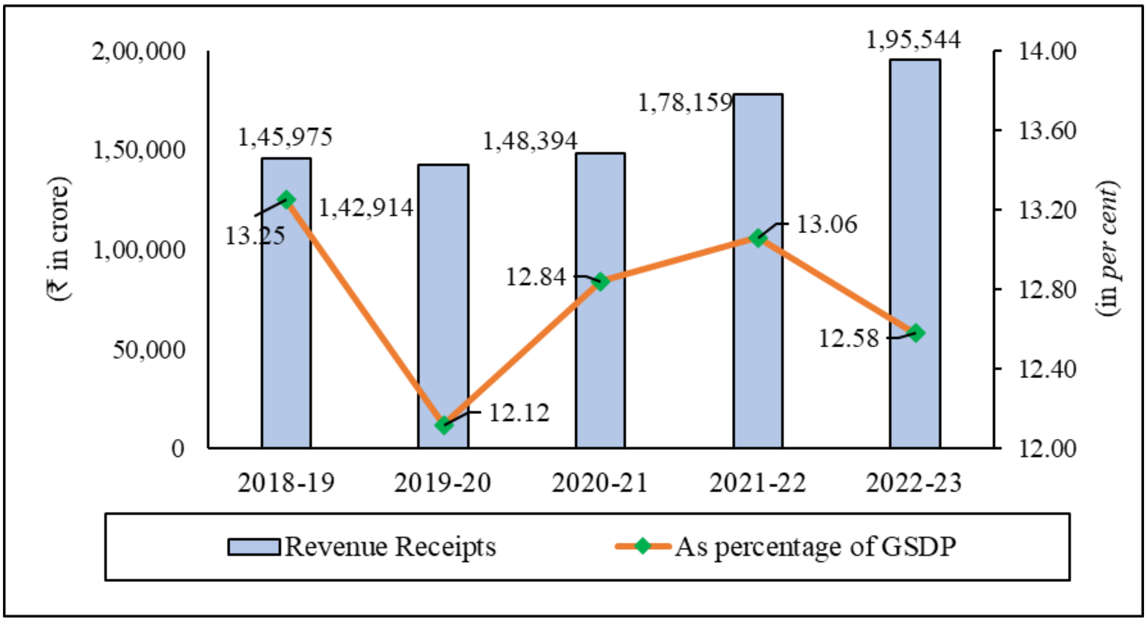
- Revenue Receipts increased by ₹ 17,385 crore (9.76 *per cent*) during 2022-23 over the previous year backed by increase in State's own tax revenue by ₹ 12,526 crore (17.62 *per cent*), State's share of Union Taxes and Duties by ₹ 5,894 crore (8.99 *per cent*), Non-tax revenue by ₹ 507 crore (30 *per cent*), which were set-off by decrease in Grants-in-aid from GoI by ₹ 1,542 crore (3.87 *per cent*). Revenue Receipts grew at average growth rate of 8.55 *per cent* from 2018-19 to 2022-23.
- About 44 *per cent* of the Revenue Receipts during 2022-23 came from the State's own resources, while Central tax transfers and Grants-in-aid together contributed 56 *per cent*. This is indicative of the fact that West Bengal's fiscal position is largely influenced by Central transfers.
- During 2018-19 and 2022-23, State's Own Revenue Buoyancy with respect to GSDP was more than one, implying that the growth of State's Own Revenue exceeded the growth of the GSDP.
- 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 during 2018-19 and 2022-23 remained lower than one representing that revenue receipts have not kept pace with the rate at which GSDP grew. However, during 2021-22, revenue collection of the State was in tandem with the GSDP.

[9] Buoyancy indicates the 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*.

- There was wide fluctuation in the revenue buoyancy of the State, as extraneous factors such as Finance Commission (FC) Award (14th FC during 2015-20 and 15th FC from 2020-21), implementation of GST (from 2017-18 onwards) and lockdown owing to COVID-19 pandemic (from the end of March 2020 to September 2020 and May 2021), impacted the actual receipts under different components of revenue.

Trends of Revenue Receipts are shown in **Chart 2.4.**

Chart 2.4: Trends of Revenue Receipts

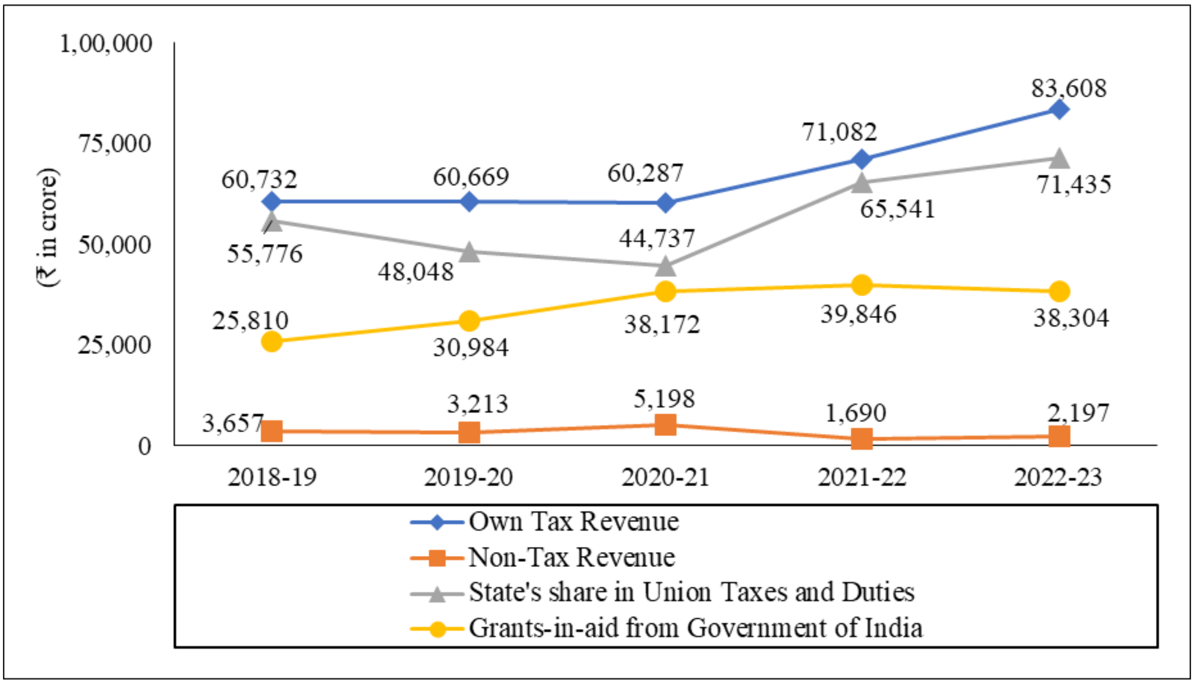


Source: Finance Accounts

Chart 2.4 shows that Revenue Receipts, as a percentage of GSDP, decreased to 12.58 in 2022-23, from the level of 13.25 in 2018-19, which indicates that the growth of Revenue Receipts was not commensurate with the growth of GSDP.

Trends in composition of Revenue Receipts are given in **Chart 2.5** wherein it shows that OTR and State's share in Union Taxes and Duties continuously increased during 2021-22 and 2022-23 after a dip in collection during 2020-21 owing to the effect of COVID-19 Pandemic.

Chart 2.5: Trends of components of Revenue Receipts



Source: Finance Accounts

2.5.2 State's Own Resources

2.5.2.1 Own Tax Revenue

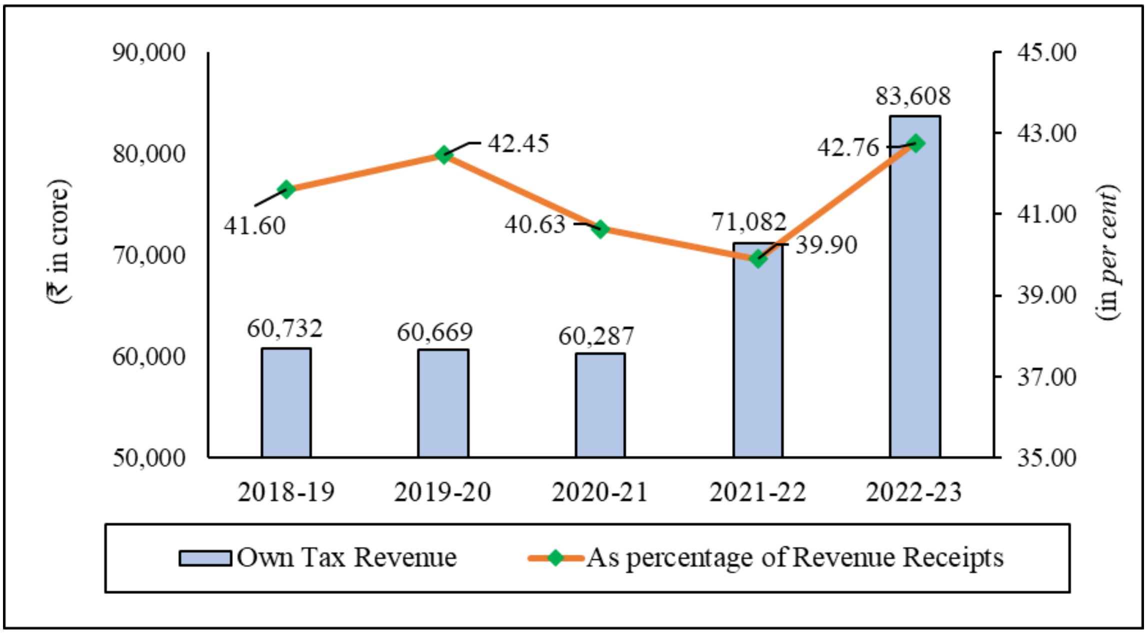
State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of major tax and non-tax revenue and their relative share in GSDP during 2018-23 are given in ***Appendix 2.1***.

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.

Trends of Own Tax Revenue and analysis of its components during the period 2018-23 are shown in **Chart 2.6** and **Table 2.4** respectively.

Chart 2.6: Trends of Own Tax Revenue during 2018-23



Source: Finance Accounts

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Sales Tax	7,813	7,161	9,394	9,951	11,840	
SGST	27,067	27,308	26,013	31,271	37,967	
State Excise	10,622	11,232	10,666	13,542	16,266	
Taxes on Vehicles	2,563	2,601	2,336	2,647	3,392	
Stamps and Registration Fees	5,620	6,026	5,528	7,366	6,876	
Land Revenue	2,847	2,728	2,756	2,743	3,173	
Taxes on Goods and Passengers[10]	435	34	322	5	0	
Other Taxes	3,765	3,579	3,272	3,557	4,094	
Total	**60,732**	**60,669**	**60,287**	**71,082**	**83,608**	
Percentage increase over the previous year	15.20	(-)0.10	(-)0.63	17.91	17.62	

Source: Finance Accounts

OTR as a percentage of Revenue Receipts increased to the highest level of 42.76 *per cent,* during 2022-23, from the level of 39.90 *per cent* during 2021-22 (**Chart 2.6**). Revenue collection dropped during 2020-21 owing to

[10] Revenue collection under taxes on goods and passengers being 'Nil' in 2022-23, was due to this tax being subsumed in GST.

imposition of full/partial lockdowns for COVID-19 pandemic. The 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. Higher collection of revenues helped to raise the OTR collections by 17.62 *per cent* during 2022-23 over 2021-22. This may be corroborated from the fact that collection from five major components of OTRs out of six i.e., SGST, Sales Tax, State Excise, taxes on Vehicles and Land Revenue increased by 21.41, 18.98, 20.12, 28.15 and 15.68 *per cent*, respectively, over 2021-22 (**Table 2.4**). This was partly counter balanced by a decrease in collection from Stamps duties and Registration fees by 6.65 *per cent*. Nevertheless, collection from this component was much higher than the pre-pandemic period, since, effective 9 July 2021, the State Government had allowed rebate of two *per cent* in stamp duty, for registration of sale or lease of land, houses or flats, as well as reduction of rates of registration of immovable properties by 10 *per cent*.

Arrears of revenue

The arrears of revenue indicate delayed realisation of revenue due to the Government. Tax revenue raised but not realised, in respect of principal taxes, at the end of 2022-23, is shown in **Table 2.5**.

Table 2.5: Tax Revenues raised but not realised in respect of principal taxes

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2023 (₹ in crore)
1	Agricultural Income Tax	28
2	Rural Employment & Primary Education Cess on Tea Estate	50
3	Stamps and Registration Fees	105
4	State Excise	21
5	VAT, Central Sales Tax	9,942
6	Electricity Duty	110
7	Entertainment Tax and Luxury Tax	62
Total		**10,318**

Source: MTFPS 2023-24

The MTFPS, presented with the Budget 2023-24, revealed that, at the end of 2022-23, arrears in realisation of revenue were ₹ 10,318 crore. Against these arrears, there was no dispute regarding realisation of ₹ 2,781 crore, of which cases exceeding one to two years involved ₹ 16 crore, two to five years ₹ 1,560 crore, five to 10 years ₹ 716 crore and more than 10 years ₹ 489 crore. The circumstances under which the revenue of ₹ 2,781 crore had not been realised were not explained in the MTFPS. It was, however, mentioned in the MTFPS, that a Task Force had been constituted to look into all such cases. As mentioned above, undisputed arrears, on account of revenue lying unrealised for periods ranging between one year and more than 10 years, adversely affects both, the revenue receipts, as well as the revenue deficit.

2.5.2.2 *Non-Tax Revenue*

Components of State's non-tax revenue (NTR), for the period from 2018-19 to 2022-23, are given in **Table 2.6**.

Table 2.6: Components of State's Non-Tax Revenue

(₹ in crore)

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Interest Receipts	806	321	2,824	306	318	
Dividend and Profits	47	82	2	158	165	
Other Non-Tax Receipts, *of which*	2,804	2,810	2,372	1,226	1,714	
(i) Major and Medium Irrigation	16	15	4	5	10	
(ii) Road Transport and Roads & Bridges	74	64	62	67	136	
(iii) Urban Development	22	26	29	61	58	
(iv) Education, Sports, Art and Culture	63	63	30	55	94	
(v) Non-Ferrous Mining	326	215	173	195	331	
(vi) Others or Misc.	2,303	2,427	2,074	843	1,084	
Total	**3,657**	**3,213**	**5,198**	**1,690**	**2,197**	
Percentage increase over the previous year	17.32	(-)12.14	61.78	(-)67.49	30.00	

Source: Finance Accounts

During 2022-23, West Bengal's collection of NTR (₹ 2,197 crore) is lowest amongst the 18 General States[11] (GS) of India, despite increase in collection of ₹ 507 crore (30 *per cent*) over 2021-22. Its contribution to Revenue receipts increased to 1.12 *per cent* from 0.95 *per cent* in 2021-22. This was mainly due to increase in collection of: (i) mineral concession fees, rents, and royalties, by ₹ 137 crore and (ii) fees, fines and forfeitures by the Police, by ₹ 75 crore.

2.5.2.3 *Accounting of interest receipts on unspent state scheme funds lying outside the State Exchequer*

The State Finances Audit Report for the year ended March 2022 had highlighted that interest on state scheme funds, amounting to ₹ 380.50 crore[12], was lying in the savings accounts of the commercial banks and had not been

[11] States other than North Eastern & Himalayan States (erstwhile General Category States)

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

accounted as Non-Tax Revenue of the State for the financial year 2021-22.

Audit noticed that no such mechanism has yet been framed (March 2023) for accounting of interest receipts on the unspent funds towards state schemes lying outside the state exchequer in the savings bank accounts of the DDOs. Resultantly, the State's revenue receipts remained understated to that extent. Further, the possibility of diversion/misappropriation of interest receipts could not be ruled out.

2.5.2.4 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 budget presented by the State Government indicates projections/estimations of revenue and expenditure for a particular fiscal year. Deviations from budget estimates are indicative of non-attainment/non-optimisation of desired fiscal objectives, due to a variety of factors, some of which are within the control of the Governments while some are beyond its control. **Table 2.7** presents the Tax and non-Tax receipts *vis-à-vis* assessment of 15th FC and Budget projections during 2022-23.

Table 2.7: Tax and non-tax revenue *vis-à-vis* projections during 2022-23

Resources	15th FC projections	Budget Estimates	Actual	Percentage variation of actual over	
	(₹ in crore)			15th FC projections	Budget estimates
Own Tax revenue	74,997	79,347	83,608	11.48	5.37
Non-tax revenue	3,584	6,672	2,197	(-)38.70	(-)67.07

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

As seen from the table, the actuals of Own Tax revenue were higher than the budget estimates and the 15th FC projection by five and 11 *per cent* respectively. The increase in OTR with respect to Budget Estimates was primarily owing to the collection from SGST, being at ₹ 37,967 crore, against the budget estimates of ₹ 36,114 crore. However, in the case of Non Tax Revenue, they were substantially lower than the budget estimates and 15th FC projection, by 67 and 39 *per cent,* respectively, indicating non-attainment of the desired objectives.

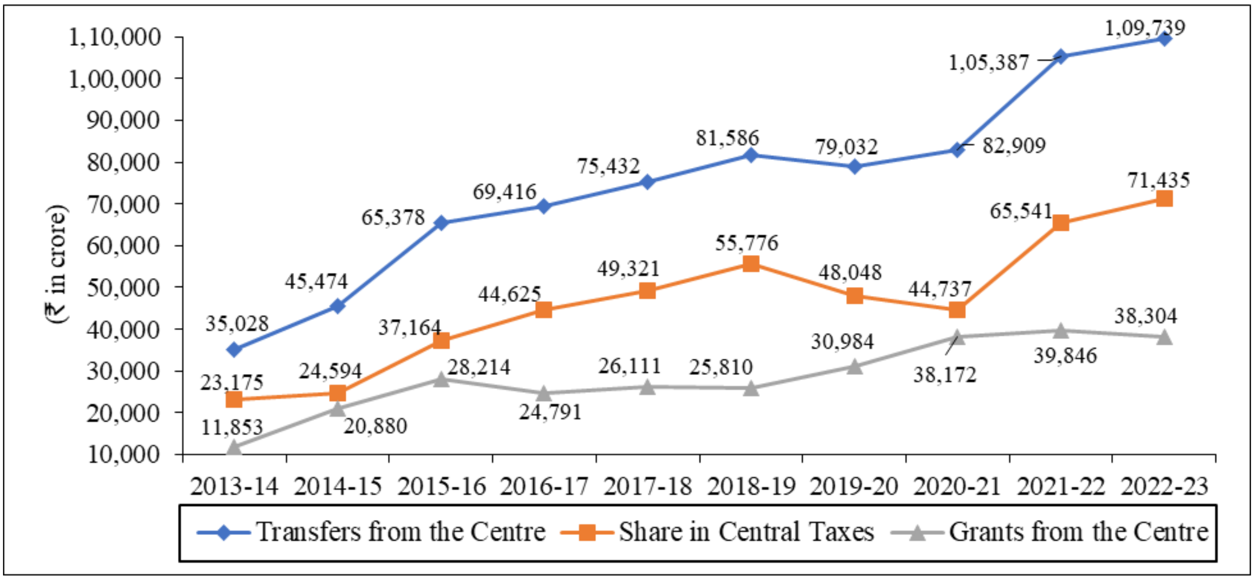
It was observed that both the OTR and NTR, with respect to GSDP, being at 5.38 and 0.14 *per cent*, respectively, were lower than the GS's average of 6.60 and 1.04 *per cent*. The above ratio suggests that the revenue collection mechanism of the State Government needs to be strengthened, to augment its revenue.

2.5.3 Transfers from the Centre

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.

Trends in transfers from the Centre for the last ten years are shown in **Chart 2.7**.

Chart 2.7: Trends in transfers from Centre



Source: Finance Accounts

2.5.3.1 Central Tax Transfer

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 2022-23, Central transfers increased to ₹ 1,09,739 crore from ₹ 1,05,387 crore in 2021-22, mainly due to increase in devolution of Central tax transfer by ₹ 5,894 crore.

The Fifteenth Finance Commission (15th FC) recommended that the States' share of Central taxes is to be decreased to 41 *per cent* during 2020-21 to 2025-26 from 42 *per cent* of sharable proceeds recommended by the Fourteenth Finance Commission (14th FC) during 2015-16 to 2019-20. In addition to above, West Bengal's share in the net proceeds of Central taxes (divisible pool) was revised to 7.523 *per cent* of sharable proceeds under 15th FC from 7.324 *per cent* (in case of taxes other than service tax) and 7.423 *per cent* (in respect of service tax) during 14th FC.

Trends in components of Central Tax Transfers are shown in **Table 2.8**.

Table 2.8: Central Tax Transfers **(₹ in crore)**

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Central Goods and Services Tax (CGST)	13,766	13,635	13,282	19,025	20,187
Integrated Goods and Services Tax (IGST)	1,099	0	0	0	0
Corporation Tax	19,397	16,383	13,508	18,165	23,946
Taxes on Income other than Corporation Tax	14,285	12,837	13,849	19,791	23,383
Customs	3,954	3,046	2,368	4,892	2,808
Union Excise Duties	2,627	2,117	1,502	2,715	881
Service Tax	511	0	195	880	112
Other Taxes[13]	137	30	33	73	118
Total Central Tax transfers	**55,776**	**48,048**	**44,737**	**65,541**	**71,435**
Percentage increase over the previous year	13.09	(-)13.86	(-)6.89	46.50	8.99
Percentage of total Central tax transfers to Revenue Receipts	38.21	33.62	30.15	36.79	36.53

Source: Finance Accounts

During 2022-23, Central Tax Transfers, with respect to the GSDP of the State (4.59 *per cent*), were higher than the GS's average (3.43 *per cent*). The Central tax transfers, at ₹ 71,435 crore, in 2022-23, increased by 8.99 *per cent* (₹ 5,894 crore) over the previous year. Increases in the transfer of sharable proceeds from direct taxes and indirect taxes were attributable to this rise. In direct taxes, increase was mainly noticed under (a) Corporation Tax by ₹ 5,781 crore (31.82 *per cent*) and (b) Taxes on Income other than Corporation tax by ₹ 3,592 crore (18.15 *per cent*). In the case of indirect taxes, the growth was on account of increase in transfers under CGST by ₹ 1,162 crore (6.11 *per cent*), set off by decreases in (i) Customs by ₹ 2,084 crore (42.60 *per cent*) and (ii) Union Excise Duties by ₹ 1,834 crore (67.55 *per cent*).

2.5.3.2 Grants-in-aid from Government of India

During 2022-23, Grants-in-aid (GIA) from GoI, with respect to GSDP (2.46 *per cent*), were higher than the GS's average (1.99 *per cent*). Trends of GIA from GoI and its components, are shown in **Table 2.9**.

Table 2.9: Grants-in-aid from Government of India

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Grants for Centrally Sponsored Schemes	15,688	16,963	17,604	11,077	9,858
Finance Commission Transfers	4,189	6,025	12,351	23,517	19,824
Other Transfer/Grants to States/Union Territories with Legislature	5,933	7,996	8,217	5,252	8,622
Total Grants	**25,810**	**30,984**	**38,172**	**39,846**	**38,304**
Percentage increase over the previous year	(-)1.15	20.05	23.20	4.39	(-)3.87
Percentage of GIA to Revenue Receipts	17.68	21.68	25.72	22.37	19.59

Source: Finance Accounts

Grants from Government of India decreased by ₹ 1,542 crore (3.87 *per cent*) over the previous year, to ₹ 38,304 crore in 2022-23. This was mainly due to decrease in Finance Commission Transfers, reasons for which have been discussed in succeeding paragraph.

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

Grants 'in kind' from GoI

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'. The PFMS portal of the MoHFW[16] showed that GoI had, during 2022-23, issued 47 sanctions, amounting to ₹ 194.88 crore, being the cost adjustment of vaccine supplies 'in kind', given to the GoWB. State Government, during 2022-23, issued necessary sanction orders, enabling credit of ₹ 194.88 crore in the State accounts.

(a) Grants for Centrally Sponsored Schemes

During 2022-23, the State Government received ₹ 9,858 crore in connection with the grants for Centrally Sponsored Schemes, of which the major inflows were as under:

- Pradhan Mantri Poshan Shakti Nirman (PM-POSHAN) (₹ 1,489 crore; an increase of 6.81 *per cent* from ₹ 1,394 crore in 2021-22);
- Samagra Shiksha (₹ 1,522 crore; an increase of 16.18 *per cent* from ₹ 1,310 crore in 2021-22);
- Anganwadi Services (₹ 1,223 crore; an increase of 83.08 *per cent* from ₹ 668 crore in 2021-22);
- Swach Bharat Mission (Rural) (₹ 406 crore; an increase of 200.74 *per cent* from ₹ 135 crore in 2021-22);
- Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (₹ 381 crore; an increase of 58.09 *per cent* from ₹ 241 crore in 2021-22).

Single Nodal Agency (SNA)- As per the 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. Since the actual payments/expenditure from SNA accounts are not routed through the Treasury, hence, detailed vouchers, in support of the actual expenditure, were not available at the Treasury.

The PFMS Report of 2022-23 revealed that, in the current year, GoI had released ₹ 12,512 crore to GoWB, of which, the central share, transferred from the State Treasury to SNA, stood at ₹ 12,108 crore. With the release of the state share of ₹ 12,447 crore, the total amount released by the Treasury, to SNA, aggregated to ₹ 24,555 crore. At the end of 31 March 2023, the cumulative balance in the SNA's Bank Account was ₹ 15,656 crore. In respect of four CSSs[17], the accumulated balance in the SNA exceeded ₹ 1,000 crore.

[14] List of Major and Minor Heads of Accounts
[15] Controller General of Accounts
[16] Ministry of Health and Family Welfare
[17] (i) Jal Jeevan Mission- ₹ 2,444 crore, (ii) Urban Rejuvenation Mission-500 Cities- ₹ 2,402 crore, (iii) Pradhan Mantri Awas Yojna (Rural) - ₹ 2,254 crore and (iv) PM-POSHAN- ₹ 1,542 crore

(b) Fifteenth Finance Commission Transfers

During 2022-23, GoI released Fifteenth Finance Commission (15th FC) grants of ₹ 19,338 crore, against the allocation of ₹ 20,520 crore. The released grants included Post Devolution Revenue Deficit grants of ₹ 13,587 crore, local bodies grants of ₹ 4,795 crore[18] and grants for State disaster response and mitigation of ₹ 956 crore. Release of grants by GoI, *vis-à-vis* the allocations, recommended by 15th FC, during the year 2022-23, are detailed in **Table 2.10.**

Table 2.10: Release of 15th FC grants with respect to the allocation during 2022-23

Sl. No.	Grants recommended by the 15th FC	Allocation	Actual release	Short/Non release
		(₹ in crore)		
1.	Post Devolution Revenue Deficit Grants	13,587.00	13,587.00	-
2.	Grants to Local Bodies			
	(i) Grants to RLBs (Tied grants)	2,026.80	1,975.71	51.09
	(ii) Grants to RLBs (Untied grants)	1,351.20	1,317.14	34.06
	(iii) Grants to ULBs for Non-Million Plus Cities (Tied grants)	604.80	302.40	302.40
	(iv) Grants to ULBs for Non-Million Plus Cities (Untied grants)	403.20	201.60	201.60
	(v) Grants to ULBs for Million Plus Cities in respect of Air Quality Improvement	219.00	171.60	47.40
	(vi) Grants to ULBs for Million Plus Cities in respect of Service level benchmarks for urban drinking water supply, sanitation and solid waste management	437.00	Nil	437.00
	(vii) Health Grant for Local Bodies	829.00	826.72	2.28
3.	Grants for Disaster			
	(i) State Disaster Response Fund (SDRF)	849.60	849.60	-
	(ii) State Disaster Mitigation Fund (SDMF)	212.40	106.20	106.20
	Total	**20,520.00**	**19,337.97**	**1,182.03**

Source: 15th FC Report and Departmental records

Details of 15th FC grants have been described below:

(A) Post Devolution Revenue Deficit Grants

15th FC, based upon its assessment of the revenue and expenditures of the State, calculated pre-devolution revenue deficits. The post-devolution revenue deficit (PDRD) was derived from the assessed devolution of taxes, based on the horizontal devolution formula, factoring the weightages assigned for each

[18] Excluded ₹ 487 crore received during 2022-23, earmarked for the year 2021-22 in connection with 'Non-Million plus cities'

criterion[19], as mentioned in the 15th FC Report. States which still had shown a revenue deficit after apportioning PDRD, were recommended PDRD grants. Being a revenue deficit State, the 15th FC recommended PDRD grants of ₹ 45,128 crore to West Bengal during 2020-25 (**Table 2.11**). These grants were provided in a manner, so that the revenue deficit tapered off in successive years.

Table 2.11: 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

Table 2.11 shows that, around 80 *per cent* of the total grants were awarded for the first three years. As the grants will be substantially lower in the next two years (2023-24 and 2024-25), the State, therefore, needs to augment its own sources of revenue and/or reduce expenditure, to maintain the revenue balance. The PDRD grants provided to West Bengal, upto 2022-23, and the actual Revenue Deficit registered, are shown in **Table 2.12**.

Table 2.12: 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
	2022-23	13,587	27,295

Source: FC Reports and Finance Accounts

Thus, the State Government had failed to contain the RD, despite receipt of PDRD grants from GoI. Recurring RD by the State also reduced the fiscal space available for undertaking capital expenditure (spending towards creation of assets).

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

As shown in **Table 2.10**, there was a short receipt of grants, amounting to ₹ 1,182 crore, from the GoI.

- In regard to untied grants, the 15th FC had not mentioned any conditionalities for release. However, reasons for short receipt of un-

[19] Population (15 *per cent*), Area (15 *per cent*), Forest and ecology (10 *per cent*), Income distance (45 *per cent*), Tax and fiscal efforts (2.50 *per cent*) and demographic performance (12.50 *per cent*)

tied grants amounting to ₹ 236 crore, for Local Bodies, were not on record.

- Finance Department, despite pursuance, did not furnish reasons for short/non-receipt of tied grants/SDMF, amounting to ₹ 946 crore, from the GoI.

(C) Avoidable payment of Interest

The 15th FC provided that the States should release grants to local bodies within 10 working days of this being credited to the 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 ₹ 4,063.80 crore[20] had been released with delays ranging between 10 and 78 days, due to which, GoWB had to pay interest of ₹ 14.54 crore[21] during 2022-23.

(D) Pending Interest Payment

It was observed that GoWB had not paid interest of ₹ 6.03 crore till July 2023, despite delayed release[22] of Health grants (₹ 1,273.50 crore[23]) to Local Bodies during 2021-23. The interest outstanding for the year 2022-23 was ₹ 0.68 crore.

The Finance Department did not furnish reasons for payment/pending payment of interest for on account of delayed disbursements by GoWB, despite being called for (September 2023).

(c) Other Transfer/Grants to States

In the category 'Other Transfer/Grants to States', the State received GIA of ₹ 8,622 crore. Major schemes where grants were received were: (i) Compensation for loss of revenue on account of GST (₹ 8,228 crore; an increase of 81.59 *per cent* from ₹ 4,531 crore in 2021-22) and (ii) Rehabilitation package for Bangladeshi Enclaves (₹ 108 crore; an increase of 35 *per cent* from ₹ 80 crore in 2021-22).

2.6 Capital Receipts

Capital Receipts comprise of 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, constitute the net capital receipts.

Trends of Capital Receipts and their components, during 2018-19 to 2022-23, are shown in **Table 2.13**.

[20] RLB grants of ₹ 3,247.45 crore *plus* ULB grants of ₹ 816.35 crore
[21] RLBs: ₹ 9.99 crore and ULBs: ₹ 4.55 crore
[22] Delay ranged from six to 42 days over the stipulated period of 10 days
[23] ₹ 828.07 crore during 2021-22 and ₹ 445.43 crore during 2022-23

Table 2.13: Trends in the growth and composition of capital receipts

(₹ in crore)

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts	**71,693**	**75,766**	**75,579**	**77,639**	**70,325**
Public debt receipts	70,197	75,699	75,429	77,581	70,243
Public debt repayment	45,786	40,413	26,890	31,540	29,768
Net Public Debt Receipts (1)	**24,411**	**35,286**	**48,539**	**46,041**	**40,475**
Growth rate (in *per cent*)	17.75	44.55	37.56	(-)5.15	(-)12.09
Miscellaneous Capital Receipts	692	30	0	0	0
Recovery of Loans and Advances	804	67	150	58	82
Non-debt Capital Receipts (2)	**1,496**	**67**	**150**	**58**	**82**
Capital Expenditure (3)	23,717	15,971	13,034	17,484	22,009
Disbursement of Loans and Advances (4)	865	1,266	2,277	1,102	565
Net Capital Receipts (1+2-3-4)	**1,325**	**18,116**	**33,378**	**27,513**	**17,983**
Rate of growth of Net Capital Receipts (in *per cent*)	(-)17.65	1,267.25	84.25	(-)17.57	(-)34.63
Rate of growth of Capital Receipts (in *per cent*)	56.00	5.68	(-)0.25	2.73	(-)9.42
Rate of growth of GSDP (in *per cent*)	13.07	6.99	(-)1.97	18.00	14.01
Buoyancy of Net Public Debt Receipts w.r.t. GSDP (in *per cent*)	1.36	6.37	-*	(-)0.29	(-)0.86

Source: Finance Accounts

**Buoyancy Ratio was not calculated as GSDP growth was negative.*

Net Capital Receipts increased to ₹ 17,983 crore in 2022-23, from ₹ 1,325 crore in 2018-19. As compared to the previous year, there was decrease in net Capital Receipts by ₹ 9,530 crore. This was mainly due to increase in capital expenditure by ₹ 4,525 crore and decrease in net public debt receipts by ₹ 5,566 crore.

During the last four years *i.e.*, 2018-19 to 2021-22, 48.39 *per cent* of the Public Debt Receipts were utilised for repayment of Public Debt taken in earlier years, while the remaining 51.61 *per cent* was utilised for other purposes. However, during 2022-23, 42.38 *per cent* of the Public Debt receipts were utilised towards repayment of Public Debt taken in earlier years.

Debt Receipts had a predominant share in Capital Receipts and contributed more than 99.50 *per cent* during 2019-20 to 2022-23. The recovery towards Loans and Advances was very meagre during the period, amounting to less than one *per cent* of the outstanding Loans and Advances, as at the end of 2022-23.

Non-debt capital receipts, in the shape of recoveries of loans & advances and Miscellaneous Receipts, increased by 41.05 *per cent*, to ₹ 82 crore, due to more recovery of loans from Public Sector Enterprises/Bodies/Authorities. However, the level of recovery is negligible from the level of 2018-19 when ₹ 804 crore was recovered. This indicates that there is an urgent need to assess the essentiality of services being rendered by loanee entities and initiate necessary measures so that recoveries are improved.

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.

Growth and composition of expenditure

Table 2.14 gives the trend of total expenditure and its composition during the period 2018-23. The expenditure under various sectors, in respect of revenue and capital and their relative share in GSDP, during 2018-23, are given in ***Appendix 2.1***.

Table 2.14: Total expenditure and its composition

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Total Expenditure (TE)	1,80,956	1,79,812	1,93,232	2,28,745	2,45,413
Revenue Expenditure (RE)	1,56,374	1,62,575	1,77,921	2,10,159	2,22,839
Capital Expenditure (CE)	23,717	15,971	13,034	17,484	22,009
Loans and Advances	865	1,266	2,277	1,102	565
As a percentage of GSDP					
TE/GSDP	16.42	15.25	16.72	16.77	15.78
RE/GSDP	14.19	13.79	15.39	15.41	14.33
CE/GSDP	2.15	1.35	1.13	1.28	1.42
Loans and Advances/GSDP	0.08	0.11	0.20	0.08	0.04

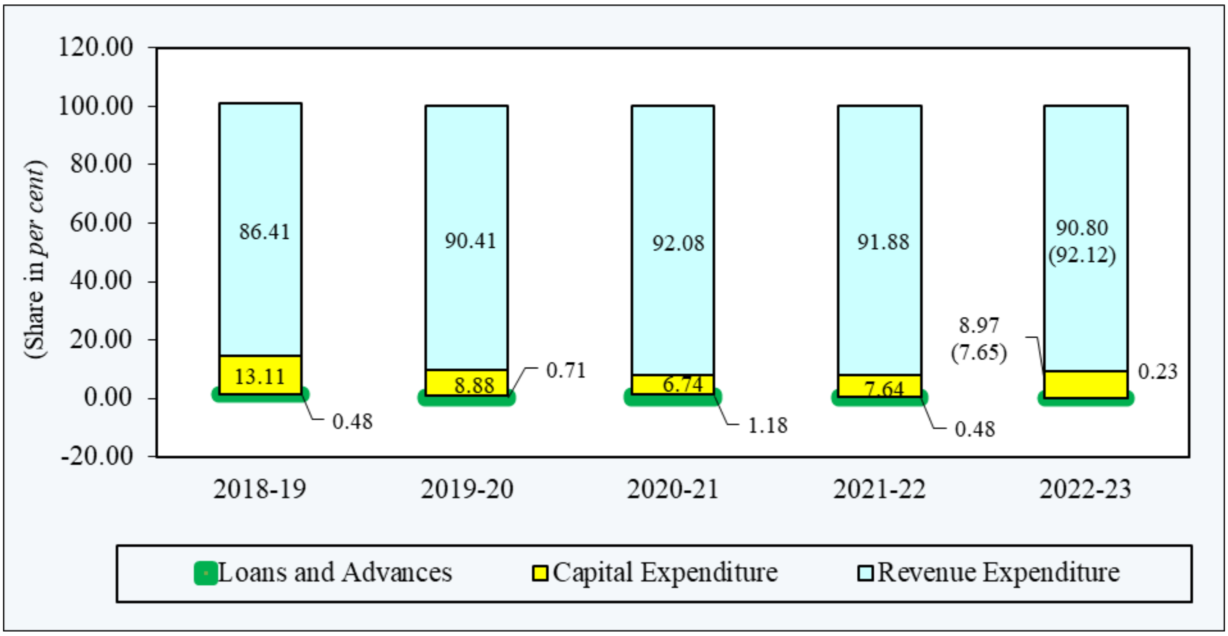
Source: Finance Accounts

Audit Impact: *Revenue Expenditure (RE) of ₹3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE), details of which has been shown in* ***Para 3.3.2****. The actual RE during 2022-23, as depicted in* ***Table 2.14*** *would thus be ₹2,26,071 crore instead of ₹2,22,839 crore. Similarly, the actual CE, during 2022-23, would be ₹18,777 crore, instead of ₹22,009 crore.*

The State's total expenditure (TE) consists of Revenue Expenditure (RE), Capital Expenditure (CE) and disbursement of loans and advances. Five years trend analysis showed that the TE during the current year increased by 35.62 *per cent* over 2018-19, while its ratio with GSDP decreased by 0.64 *per cent* indicating that the growth of TE was slower than the growth of GSDP. This is corroborated from the fact that CE, as a percentage of GSDP, reduced by 0.73 *per cent*, while RE, as a percentage of GSDP, remained almost the same. This trend was not indicative of appropriate fiscal management, 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 from 0.08 to 0.04 *per cent* in the aforesaid period. The increase in TE, during 2022-23, by 7.29 *per cent* over the PY, was owing to mainly enhanced RE under the *Lakshmir Bhandar* scheme (by ₹ 6,215 crore) and Interest Payments (by ₹ 3,346 crore).

Chart 2.8 presents the trends in share of components of Total Expenditure (TE) during the period 2018-23.

Chart 2.8: 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 2022-23, if the misclassification of ₹ 3,232 crore from RE to CE, as pointed out by Audit and mentioned in the Audit Impact below ***Table 2.14****, is factored in.*

As evident from **Chart 2.8**, Capital Expenditure (CE) had decreased significantly during 2018-21, with its share as a percentage of Total Expenditure (TE) decreasing from 13.11 *per cent* in 2018-19 to 6.74 *per cent* in 2020-21. The share of CE, however, increased from 7.64 *per cent* in 2021-22, to 8.97 *per cent* in 2022-23. However, it remained below the level of 13.11 *per cent* of the FY 2018-19, indicating that the enhancement of CE was not commensurate with the enhancement of TE.

Table 2.15 gives the relative share of various sectors in expenditure while **Chart 2.9** presents TE by activities during 2018-23.

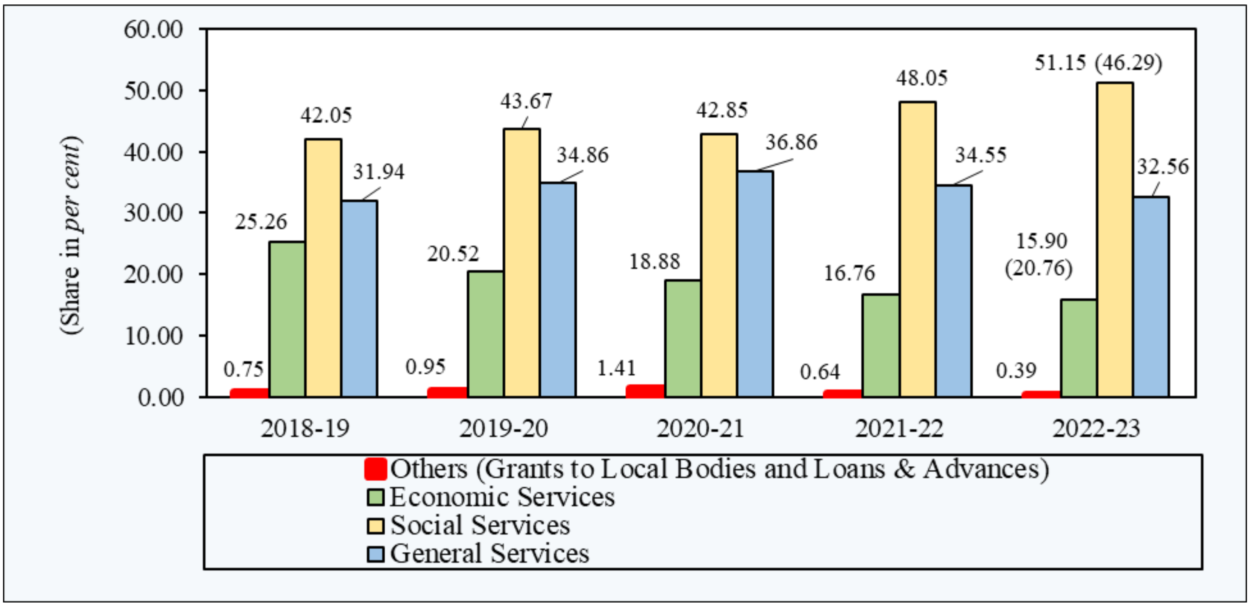
Table 2.15: Relative share of various sectors of expenditure

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
	(in crore)				
General Services	57,792	62,679	71,230	79,040	79,909
Social Services	76,088	78,528	82,797	1,09,912	1,25,521
Economic Services	45,722	36,889	36,479	38,337	39,010
Others (Grants to Local Bodies and Loans and Advances)	1,354	1,716	2,726	1,456	973

Source: Finance Accounts

Audit Impact: *During 2022-23, revenue expenditure, in the form of food subsidies (₹ 13,201 crore) and procurement & supply of ration (₹ 515 crore), was misclassified in the Head of Accounts (HoA) '2235' under Social Services (SS) instead of the HoA '2408' under Economic Services (ES). Similarly, revenue expenditure of ₹ 1,792 crore, under the scheme 'Pradhan Mantri Aawas Yojana (Rural)', was misclassified in the HoA '2505' under ES, instead of the HoA '2216' under SS. Resultantly, the relative shares of expenditure under SS and ES would be ₹ 1,13,597 crore and ₹ 50,934 crore, instead of ₹ 1,25,521 crore and ₹ 39,010 crore, respectively (****Table 2.15****).*

Chart 2.9: Total expenditure - Expenditure by activities



Source: Finance Accounts

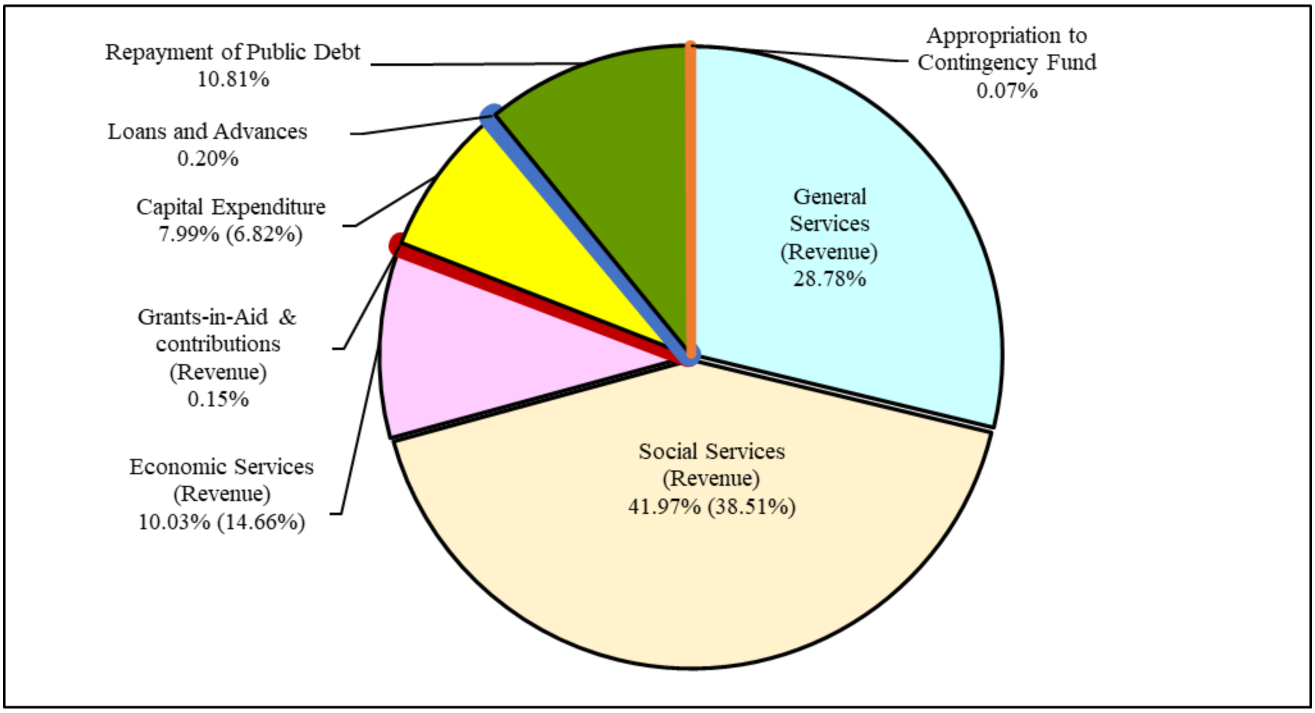
*Note: Shares of expenditures on Social and Economic Services with respect to the Total Expenditure would be changed (as shown in brackets) during 2022-23 if the misclassification between RE & CE and misclassification of RE among Social and Economic sectors, as pointed out by Audit and mentioned in Audit Impact below **Table 2.15**, is factored in.*

Expenditure under Social Services (SS) constituted a major portion of the State's Expenditure. As can be seen from **Chart 2.9** above, around 42 to 51 *per cent* of the total expenditure was covered under this sector during 2018-23. In the current year, the relative share of this sector increased to 51.15 *per cent,* from the PY's level of 48.05 *per cent*. Enhancement of expenditure under the scheme '*West Bengal Lakshmir Bhandar*[24]' under SS, from ₹ 5,765 crore to ₹ 11,980 crore, was the main reason for this. The increase in the relative share of SS expenditure was counterbalanced by decrease in expenditure under Economic Services (ES) and General Services (GS). Reduction in the relative shares of expenditure in ES and GS, from 16.76 and 34.55 *per cent,* respectively, in FY 2021-22, to 15.90 and 32.56 *per cent,* in FY 2022-23, indicated that expenditure in these sectors remained compressed.

[24] 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 2.10 presents the total expenditure out of the Consolidated Fund during 2022-23.

Chart 2.10: Total Expenditure out of the Consolidated Fund during 2022-23



Source: Finance Accounts

*Note: The shares of Capital Expenditure and expenditures on 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 Social and Economic sectors, as mentioned in Audit Impact below **Table 2.14** and **Table 2.15** respectively, is factored in.*

2.7.1 Funds transferred to deposit accounts

During 2022-23, an expenditure amounting to ₹ 32,195 crore[25] (13.84 *per cent* of the expenditure of ₹ 2,32,701 crore) were made from 79 head of accounts by book transfer of the funds in the deposit accounts of State PSUs/Development Authorities/Autonomous Bodies/Societies/Local Bodies (***Appendix 2.2***). Since the actual payments/expenditure from deposit accounts were not routed through the treasury, the detailed vouchers in support of the actual expenditure were not available.

Therefore, audit could not examine the regularity, the extent of occurrence, appropriate classification of expenditures and the purpose for which the funds, were actually utilised.

2.8 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and to make payments for past obligations.

[25] Including ₹ 5,200 crore for Capital Expenditure

Revenue Expenditure comprises of wages and salaries, interest payments, pensions, expenditure on operation and maintenance of capital works, subsidies and transfers to local bodies, co-operatives, Non-Government Organizations (NGOs) and others. Expenditure is also classified into various functional categories such as General Services, Social Services and Economic Services. Expenditure on Social and Economic Services is incurred to create physical infrastructure and human resource development and is, therefore, considered productive, whereas expenditure on General Services and debt servicing, is considered unproductive.

The overall revenue expenditure, its rate of growth, its ratio to the total expenditure, its buoyancy *vis-à-vis* GSDP and the revenue receipts during 2018-23, are shown in **Table 2.16**.

Table 2.16: Revenue Expenditure- Basic Parameters

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Total Expenditure (TE)	1,80,956	1,79,812	1,93,232	2,28,745	2,45,413
Revenue Expenditure (RE)	1,56,374	1,62,575	1,77,921	2,10,159	2,22,839
Rate of Growth of RE (*per cent*)	10.84	3.97	9.44	18.12	6.03
Revenue Expenditure as percentage of TE	86.42	90.41	92.08	91.87	90.80
RE/GSDP (*per cent*)	14.19	13.79	15.39	15.41	14.33
RE as percentage of RR	107.12	113.76	119.90	117.96	113.96
Rate of Growth of GSDP (*per cent*)	13.07	6.99	(-)1.97	18.00	14.01
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.83	0.57	-*	1.01	0.43
Revenue Receipts (ratio)	0.97	-*	2.46	0.90	0.62

Source: Finance Accounts

**Buoyancy Ratios of RE with GSDP (for 2020-21) and RR (for 2019-20) were not calculated as growth of GSDP and RR for those years, was negative.*

Note: Revenue Expenditure (RE) of ₹ 3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE). The rate of growth of RE during 2022-23 would be 7.57 instead of 6.03 per cent, if the misclassification between RE and CE is factored in. RE as a percentage of TE would also be changed to 92.12, instead of 90.80.

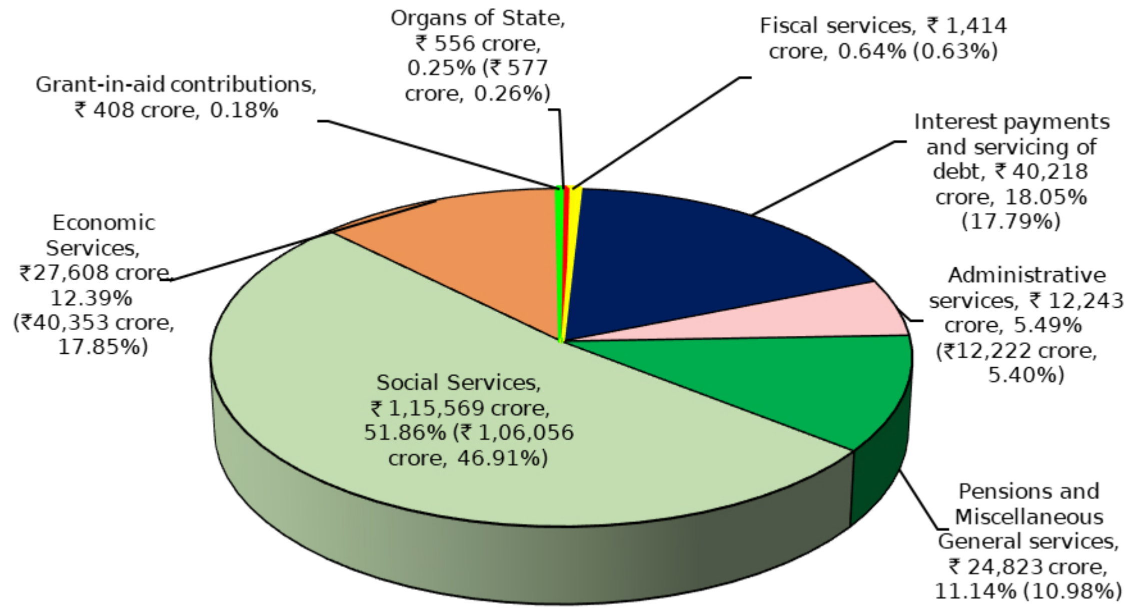
Revenue Expenditure (RE) constituted a significant portion (86 to 92 per *cent*) of the total expenditure during 2018-23, growing at an average annual rate of 9.68 *per cent*. Its share in total expenditure (TE), in the current year, however, decreased by 1.07 *per cent* over the previous year.

The trend of RE as a ratio of GSDP, over the last five years has been almost constant (about 14 to 15 per cent of GSDP), indicating less elasticity of revenue expenditure in terms of GSDP. In contrast, the ratio of state's revenue receipts to GSDP has been decreasing from 13.25 *per cent* to 12.58 *per cent* (**Table 2.3**). These trends may lead to increase in the revenue deficit.

During 2018-23, the excess of RE over RR ranged between 7.12 and 19.90 *per cent* (**Table 2.16**), leading to Revenue Deficits (RDs). RDs were financed through borrowing which, in turn, adversely affected creation of assets and wealth generation.

The sector-wise distribution of Revenue Expenditure, during 2022-23, is shown in **Chart 2.11**.

Chart 2.11: Sector-wise distribution of revenue expenditure during 2022-23



Source: Finance Accounts

Note: Changes in the amount and percentage of the sector-wise share of RE would be changed (as shown in bracket) if the misclassification between RE & CE and misclassification of RE among Social and Economic sectors, as mentioned in Audit Impact, below ***Table 2.14*** *and* ***Table 2.15*** *and misclassification of ₹21 crore between the HoAs '2015' and '2055', under the General sector, are factored in.*

2.8.1 Major changes in Revenue Expenditure

Revenue Expenditure (₹ 2,22,839 crore) increased by 6.03 *per cent* (₹ 12,680 crore) over the previous year. Increase in Social Services by 12.78 *per cent* (₹ 13,094 crore), followed by increase in General Services by one *per cent* (₹ 759 crore) and increase in Grants-in aid and contributions by 15 *per cent* (₹ 54 crore), set off by decrease in Economic Services by 4.26 *per cent* (₹ 1,227 crore), contributed to this growth.

Under Social Services, major increases were noticed in: (i) Social Welfare and Nutrition by ₹ 7,694 crore (22 *per cent*), (ii) Education, Sports, Art and Culture by ₹ 3,699 crore (10 *per cent*) and (iii) Water Supply, Sanitation, Housing and Urban Development by ₹ 2,433 crore (25 *per cent*).

Under General Services, major increases were noticed in Interest Payments by ₹ 3,346 crore (9.12 *per cent*), set off by decrease in payments of Pension by ₹ 2,052 crore (7.69 *per cent*).

Under Economic services, a major decrease was noticed in Rural Development by ₹ 3,270 crore (23 *per cent*), which was partially offset by increases in Agriculture and Allied Activities by ₹ 1,269 crore (16 *per cent*) and Energy by ₹ 398 crore (25 *per cent*).

Significant variations noticed in the major heads of account, during 2022-23, *vis-à-vis* 2021-22, are shown in **Table 2.17**.

Table 2.17: Variations in Revenue Expenditure during 2022-23, compared to 2021-22

Major Heads of Account	2021-22	2022-23	Increase (+)/Decrease (-)
	(₹ in crore)		
2235-Social Security and Welfare	31,127	39,747	8,620
2202-General Education	36,340	40,163	3,823
2217-Urban Development	8,026	10,543	2,517
2515-Other Rural Development Programmes	7,177	8,076	899
2408-Food, Storage and Warehousing	249	675	426
2501-Special Programmes for Rural Development	618	1,030	412
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	4,190	4,400	210
2055-Police	9,375	9,545	170
2505-Rural Employment	6,658	2,072	(-)4,586
2210-Medical and Public Health	14,448	13,249	(-)1,199
2015-Elections	599	(-)455	(-)1,054

Source: Finance Accounts

Note: During 2022-23, ₹ 13,716 crore was wrongly booked under '2235' instead of '2408'; Similarly, ₹ 1,792 crore booked under '2505' instead of '2216'; ₹ 21 crore booked under '2015' in lieu of '2055'. As a result, increase in expenditure under '2408' and '2055' would be changed to ₹ 14,142 crore and ₹ 191 crore respectively; and increase under '2235' would be changed to decrease of ₹ 5,096 crore. On the contrary decrease under '2505' would be changed to ₹ 6,378 crore. Apart from this, there had been misclassification of Revenue Expenditure amounting to ₹ 9,907 crore within different Minor heads and Detailed heads, under the same Major Head/Sector. Thus, there was misclassification under Revenue Expenditure aggregating to ₹ 25,436 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 ₹ 10,530 crore, an increase of 65.44 *per cent* from ₹ 6,365 crore in 2021-22;
- Expenditure on 'Pradhan Mantri Poshan Shakti Nirman' increased to ₹ 1,918 crore, an increase of 92.18 *per cent* from ₹ 998 crore in 2021-22;
- Expenditure on 'Assistance to Local Bodies, Corporations, Urban Development Authorities' increased to ₹ 3,183 crore, an increase of 51.86 *per cent* from ₹ 2,096 crore in 2021-22;
- Expenditure on 'Assistance to Zilla Parishad/District Level Panchayats' increased to ₹ 1,781 crore, an increase of 50.55 *per cent* from ₹ 1,183 crore in 2021-22;

- Expenditure on 'National Rural Employment Guarantee Scheme' decreased to ₹ 85 crore, a decrease of 94.49 *per cent* from ₹ 1,544 crore in 2021-22.
- During the FY 2022-23, ₹ 265 crore was incurred as expenditure under Elections. However, due to reimbursement of ₹ 720 crore from GoI in regard to expenditure incurred on Lok Sabha Elections in 2019-20, the same was booked as reduction of expenditure. This resulted in the booked expenditure being negative at ₹ 455 crore, as mentioned in **Table 2.17** above.

2.8.2 Committed expenditure

The committed expenditure of the State Government on the revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Upward trends in committed expenditure leave the Government with lesser flexibility for development expenditure.

Apart from the above, there are certain items of *inflexible expenditure*, which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure etc. For example, the following items may be considered as inflexible expenditure:

(i) Devolution to Local Bodies- Statutory devolution to Local Bodies for pay and allowances (devolution/transfer for capital expenditure);

(ii) Statutory requirements of contribution to Reserve Funds- Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/Response Fund (SDMF/SDRF), etc.;

(iii) Recoupment of Contingency Fund- Amount recouped within the year;

(iv) Transfers of cess to Reserve Funds/Other Bodies, which are statutorily required.

A trend analysis of the Committed and Inflexible Expenditure and its components, during the period 2018-23, is shown in **Table 2.18** and the share of committed expenditure within the revenue expenditure, is shown in **Chart 2.12.**

Table 2.18: Components of Committed and Inflexible Expenditure

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Salaries & Wages	41,541	48,567	56,660	59,379	60,306
Of which, Grants-in-aid salary[26]	23,574	27,815	32,592	33,978	34,214
Expenditure on Pensions	16,063	17,462	21,394	26,676	24,624
Interest Payments	28,911	31,668	33,782	36,672	40,018
Total	**86,515**	**97,697**	**1,11,836**	**1,22,727**	**1,24,948**

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

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Components of Inflexible Expenditure					
Statutory devolution to local bodies	489	450	450	354	408
Contribution to Reserve Funds	2,538	2,445	2,888	3,391	3,422
Recoupment of Contingency Fund	0	0	12	0	180
Transfer of cess to reserve fund/other body	1,477	708	32	47	137
Total	**4,504**	**3,603**	**3,382**	**3,792**	**4,147**
As a *percentage* of Revenue Receipts (RR)					
Committed Expenditure					
Salaries & Wages	28.46	33.98	38.18	33.33	30.84
Expenditure on Pensions	11.00	12.22	14.42	14.97	12.59
Interest Payments	19.81	22.16	22.76	20.59	20.46
Total	**59.27**	**68.36**	**75.36**	**68.89**	**63.89**
Inflexible Expenditure	3.09	2.52	2.28	2.13	2.12
As a *percentage* of Revenue Expenditure (RE)					
Salaries & Wages	26.57	29.87	31.85	28.26	27.06
Expenditure on Pensions	10.27	10.74	12.02	12.69	11.05
Interest Payments	18.49	19.48	18.99	17.45	17.96
Total	**55.33**	**60.09**	**62.86**	**58.40**	**56.07**
Inflexible Expenditure	2.88	2.22	1.90	1.80	1.86
Non-committed Revenue Expenditure (NCRE) (₹ in crore)	69,859	64,878	66,085	87,432	97,891
NCRE *w.r.t.* RE (in *per cent*)	44.67	39.91	37.14	41.60	43.93
NCRE *w.r.t.* TE (in *per cent*)	38.61	36.08	34.20	38.22	39.89
Subsidies (₹ in crore)	13,403	9,709	12,377	16,660	17,087
Subsidies as *percentage* of NCRE	**19.19**	**14.97**	**18.73**	**19.06**	**17.46**

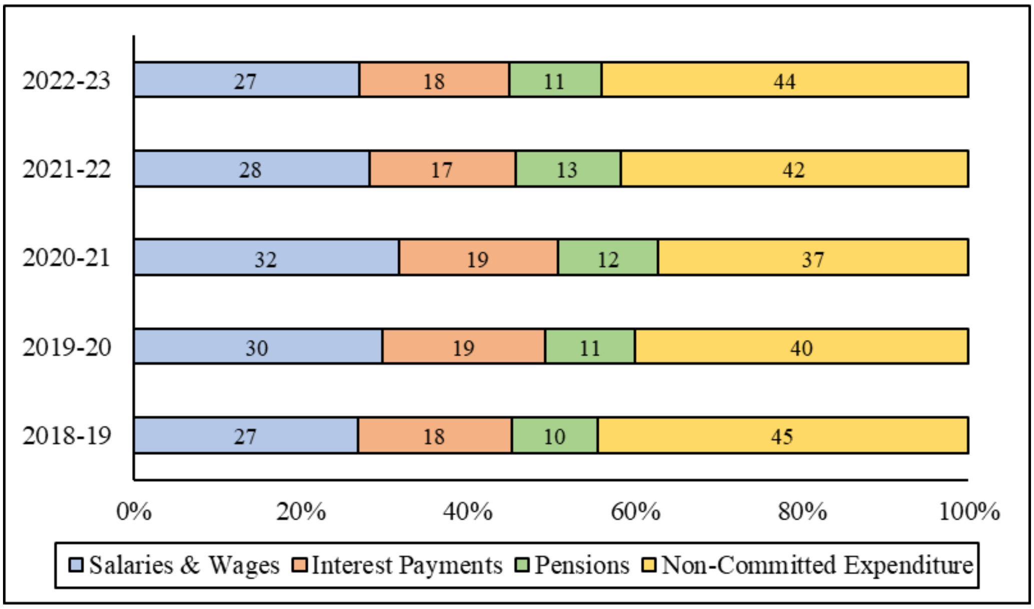
Source: Finance Accounts

As can be seen from **Table 2.18** above, committed expenditure constituted 55 to 63 *per cent* of the Revenue Expenditure during 2018-23, while it accounted for over 59 to 75 *per cent* 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 44 *per cent* in the current year, from 37 *per cent* in 2020-21, it remained almost constant over the last two years. In the Committed Expenditure during 2018-23, the share of Salaries and Wages constituted 48 to 51 *per cent*, while the share of expenditure on Pension and Interest payments was 18 to 22 *per cent* and 30 to 33 *per cent*, respectively.

Inflexible expenditure, as a percentage of Revenue Receipts, decreased to 2.12 *per cent* during 2022-23 from 3.09 *per cent* during 2018-19. Decline in the share of transfer of cess to reserve funds, was the major reason.

Non-committed revenue expenditure (NCRE), in the current year, witnessed an increase of 11.96 *per cent* over 2021-22, due to expenditure on subsidies (₹ 17,087 crore) and state sponsored schemes like *Kanyashree* (₹ 1,567 crore), *Lakshmir Bhandar* (₹ 11,980 crore) and *Swasthya Sathi* (₹ 2,500 crore).

Chart 2.12: Share of Committed Expenditure in Revenue Expenditure



Source: Finance Accounts

Salaries and Wages

The share of salaries in Revenue Expenditure varied between 27 and 32 *per cent* during 2018-23. Of the total salaries, Grants-in-Aid salaries hovered between 56-57 *per cent*. During the year 2022-23, the share of salaries in RE decreased by one *per cent* to 27 *per cent*. The increase during the year 2022-23 was ₹ 927 crore (1.56 *per cent*) compared to an increase of 2,719 crore (4.80 *per cent*) during 2021-22. Revision of pay with effect from 1 January 2020, pursuant to the West Bengal Services (Revision of Pay and Allowance) Rules[27], 2019, contributed to the significant increase in salary expenditure during 2020-21. Expenditure on Salary grew at a CAGR of 9.77 *per cent*, during the period 2018-23.

Interest Payments

Expenditure on Interest Payments (₹ 40,018 crore) grew by ₹ 3,346 crore (9.12 *per cent*) from the previous year (₹ 36,672 crore) due to increase in interest payment on Market loans by 10.58 *per cent* (₹ 2,881 crore). Interest Payments grew at a CAGR of 8.47 *per cent* during the period 2018-23. Buoyancy of Interest Payments *vis-a-vis* Revenue Receipts in the current year compared

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

with 2018-19 remained at 1.13, implying that the increase in Interest Payments is much higher than the growth of Revenue Receipts. Interest payments during 2022-23 constituted interest on: (i) internal debt (₹ 35,354 crore; 88.35 *per cent*), (ii) other obligations (₹ 2,084 crore; 5.21 *per cent*), (iii) small savings, provident fund *etc.,*(₹ 1,724 crore; 4.30 *per cent*), (iv) Loans and Advances from the Central Government (₹ 374 crore; 0.93 *per cent*), (v) external debt (₹ 311 crore; 0.78 *per cent*) and (vi) Reserve Funds (₹ 169 crore; 0.42 *per cent*).

The interest on internal debt increased by seven *per cent* to ₹ 35,354 crore in 2022-23 from ₹ 33,042 crore in 2021-22, on account of increase in payment of interest on market loans by ₹ 2,881 crore (10.58 *per cent*). The interest on Loans and Advances from Central Government decreased by ₹ 42 crore from ₹ 416 crore in 2021-22 to ₹ 374 crore in 2022-23, mainly on account of decrease in interest of Loans for State Plan scheme (17 *per cent*).

The West Bengal Non-Government Educational Institutions and Local Authorities (Control of Provident Fund of Employees) Act, 1983 and the Rules made thereunder, provide for accounting of the Provident Fund of the Staff of Non-Government Educational Institutions and Local Authorities, under Interest-bearing Deposits (Major Head-8336) of the Public Account of the Government of West Bengal. Government is liable to provide interest on this Provident Fund at the same rate at which a State Government Employee subscribing to the West Bengal Services Provident Fund is entitled on the balance of his provident fund account. However, the interest expenditure on such Provident Funds is budgeted by the Finance Department, without actual calculation of interest payable/paid on the closing balances of the individual Provident Fund accounts.

Besides this, GoWB paid interest of ₹ 4 crore for making repayment of Cash Credit Loans (CCLs) (availed through off budget route), taken during 2009-11 for funding the 'Potato Procurement 2010' scheme. The interest outgo on CCLs was booked in the Accounts as grants-in-aid, instead of interest payment. As such, the actual interest payment of ₹ 40,018 crore was understated by ₹ 4 crore, with consequent overstatement of grants-in-aid. This ratio of interest payments to revenue receipts, would, therefore, be 20.47 *per cent,* instead of 20.46 *per cent.*

Pensions

Expenditure on Pensions, in Revenue Expenditure, varied between 10 and 13 *per cent*, during 2018-23. Pension payments grew at a CAGR of 11.27 *per cent* during this period. During 2022-23, the expenditure on Pensions decreased by 7.69 *per cent* (₹ 2,052 crore) over 2021-22.

National Pension System

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

During 2022-23, the State Government transferred ₹ 13.08 crore in the Public Account (including Government's contribution of ₹ 7.65 crore) of which

₹ 12.96 crore was further transferred to NSDL (National Securities Depositories Limited)/Trustee Bank[28].

2.8.3 Subsidies

Expenditure on subsidies, for the period from 2018-19 to 2022-23, is shown in **Table 2.19**.

Table 2.19: Expenditure on subsidies during 2018-23

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Subsidies (₹ in crore)	13,403	9,709	12,377	16,660	17,087
Subsidies for Food & Supplies Department (₹ in crore)	10,584	6,794	9,149	12,757	13,201
Subsidies as a percentage of Revenue Receipts	9.18	6.79	8.34	9.35	8.74
Subsidies as a percentage of Revenue Expenditure	8.57	5.97	6.96	7.93	7.67
Subsidies as a percentage of Total Expenditure	7.41	5.40	6.41	7.28	6.96
Subsidies as a percentage to Revenue Deficit	128.89	49.38	41.92	52.06	62.60
Subsidies for Food & Supplies Department as percentage to total Subsidy	78.97	69.98	73.92	76.57	77.26

Source: Finance Accounts

Details of payments of subsidy are shown in **Appendix-II** of the Finance Accounts. As can be seen from **Table 2.19** above, there was a sharp downward trend of subsidies in 2019-20 from the level of 2018-19. However, there was a sharp increase in subsidies by ₹ 4,283 crore (34.60 *per cent*) in 2021-22, followed by an increase of ₹ 427 crore (2.56 *per cent*) during 2022-23. This was mainly due to enhanced supply of subsidised rice valuing ₹ 12,796 crore, to APL/BPL families in the TPDS[29], from ₹ 12,314 crore in 2021-22.

It was noticed that, over the last several years, significant portion of subsidies were spent to provide either subsidized electricity to consumers or subsidy to State Transport Undertakings. During 2022-23, the outflows of subsidy, in the Power and Transport sectors, were ₹ 1,610 crore and ₹ 946 crore, respectively.

Misclassification of expenditure of 'Subsidy' as 'Grants-in-Aid'

In the following two schemes (**Table 2.20**), GoWB budgeted ₹ 226.50 crore under the detailed head of account '31-Grants-in-Aid', though the expenditure was in the nature of 'Subsidies'.

[28] An intermediary, which provides day to day banking of the funds and banking facilities in accordance with the provisions of the guidelines and directions issued by Pension Fund Regulatory and Development Authority (PFRDA)

[29] Targeted Public Distribution System

Table 2.20: Details of expenditure in the nature of subsidies during 2022-23

Sl. No.	Salient features of the scheme	Name of executing department	Expenditure incurred (₹ in crore)
1.	**MAA scheme:** For providing quality cooked meals to the poor and needy citizens of the State, GoWB launched this scheme in February 2021. Under this scheme, cooked meals are served by Urban Local Bodies with the contribution ₹ 5 by the beneficiary and subsidy of ₹ 10 by the State Government. For this purpose, ₹ 90 crore was provided in the budget.	Urban Development and Municipal Affairs	39.78
2.	**West Bengal Incentive Scheme:** In connection with disbursement of incentive/subsidy for encouraging the setting up of new enterprises and expansion of existing enterprises, ₹ 136.50 crore was provided in the budget.	Micro and Small Scale Enterprises and Textiles	33.83
	Total		**73.61**

Source: Appropriation Accounts

Thus, subsidies shown in the accounts remained understated by ₹ 74 crore, with consequent overstatement of Grants-in-Aid.

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

The quantum of assistance, provided by way of grants to local bodies and other institutions during 2018-23, is presented in **Table 2.21**.

Table 2.21: Financial Assistance to Local Bodies and other Institutions

(₹ in crore)

Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies					
Municipal Corporations and Municipalities	4,787	4,529	5,166	5,965	8,022
Panchayati Raj Institutions	11,678	13,466	11,285	11,494	12,897
Total (A)	**16,465**	**17,995**	**16,451**	**17,459**	**20,919**
(B) Other Institutions					
Educational Institutions (Universities)	1,345	7,507	8,447	7,419	10,436
Development Authorities	295	0	0	0	0
Other Autonomous Bodies	1,403	0	0	0	0
Co-operative Institutions	214	249	147	176	367
Public Sector Undertakings (PSUs)	1,117	298	179	181	499
Non-Government Organisations (NGOs)	19,461	23,244	27,048	28,408	28,796
Others[30]	17,289	12,329	10,859	26,323	35,064
Total (B)	**41,124**	**43,627**	**46,680**	**62,507**	**75,162**
Total (A+B)	**57,589**	**61,622**	**63,131**	**79,966**	**96,081**

[30] 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.

Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
GIA for creation of Capital assets (C)	**10,014**	**8,249**	**10,450**	**10,371**	**5,229**
GIA given in kind (D)	**0**	**0**	**0**	**0**	**195**
Total (A+B+C+D)	**67,803**	**69,871**	**73,581**	**90,037**	**1,01,505**
Assistance as percentage of Revenue Expenditure	43	43	41	43	46
GIA on Salary	23,574	27,815	32,592	33,978	34,214
GIA for non-salary	34,215	33,807	30,539	45,688	61,867

Source: Finance Accounts

Financial assistance of ₹ 1,01,505 crore was provided by the State Government to local bodies and other institutions by way of grants[31] in 2022-23 which comprises 41.36 *per cent* of the total expenditure of the State. Out of the total assistance, salary expenditure constituted 33.71 *per cent,* followed by expenditure on non-salary, capital assets and grants-in kind at 60.95, 5.15 and 0.19 *per cent,* respectively. The quantum of assistance grew at a CAGR of 10.61 *per cent,* between 2018-19 and 2022-23, whereas, in the same period, RE grew at a CAGR of 9.26 *per cent.* Assistance in the current year, with respect to 2021-22, also grew at a rate of 12.74 *per cent,* compared to the growth of the RR (9.76 *per cent*) and RE (6.03 *per cent*). These trends indicate increased dependency on transfers to local bodies and other institutions from the State finances.

Out of the total devolution of ₹ 20,919 crore to local bodies during 2022-23, salary expenditure constituted ₹ 2,691 crore[32] (12.86 *per cent*). Besides this, grants-in-kind, amounting to ₹ 195 crore, received from GoI for cost adjustment of vaccine supplies, were also accounted for in the accounts of the State Government.

To implement the 'Potato Procurement 2010' scheme, GoWB, during 2009-11, raised CCL, through Government controlled Public Sector Enterprises, via the off-budget route. During 2022-23, Government had borne its commitments on account of principal (₹ 12 crore) and interest (₹ 4 crore) from its budget by way of grants (₹ 16 crore). Thus, the total assistance of ₹ 1,01,505 crore, shown in the accounts, was overstated by ₹ 16 crore, with an understatement of principal repayment of debt (₹ 29,768 crore) and interest payments (₹ 40,018 crore) by ₹ 12 crore and ₹ 4 crore, respectively.

As can be seen from **Table 2.21**, 12.92 and 15.74 *per cent* of the RE, during 2022-23, 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 2023, as discussed in **Paras 4.12** and **5.12**. Release of financial assistance, without insisting on rendering timely accounts,

[31] Includes grants given for creation of capital assets and grants given in kind.
[32] ₹ 1,243 crore for PRIs and ₹ 1,448 crore for ULBs

is detrimental to public accountability and indicates poor financial management.

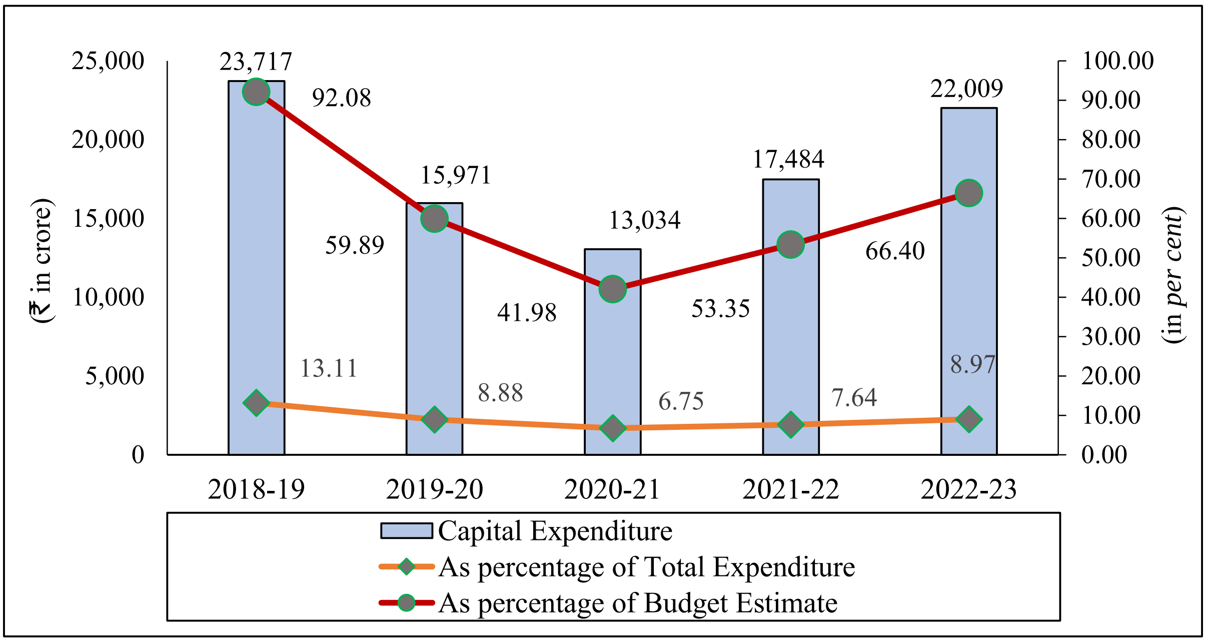
2.8.5 Transfer of State scheme funds to Bank Accounts

The Government transferred ₹ 23,982 crore as expenditure under different heads for the 11 State sponsored schemes (***Appendix 2.3***). As funds were drawn from the Treasury and transferred into the bank accounts of the concerned Department/PSUs for further disbursement to the payees/beneficiaries, hence, required audit checks as regards to these payments could not be carried out.

2.9 Capital Expenditure

Capital Expenditure (CE) involves expenditure towards the creation of assets such as roads, bridges, irrigation canals and other infrastructure works. Such expenditure enhances the State's productive capacity, and results in a higher rate of economic growth. The CE of the State and its contribution to Total Expenditure for 2018-23, is shown in **Chart 2.13**.

Chart 2.13: Capital expenditure in the State



Source: Finance Accounts

Note: Revenue Expenditure (RE) of ₹ 3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE). Actual CE during 2022-23 would be ₹18,777 crore instead of ₹22,009 crore. Hence, during 2022-23, CE as a percentage of TE would be 7.65 per cent instead of 8.97 per cent.

Chart 2.13 shows that, in the current year, capital expenditure, as a percentage of total expenditure, increased by 1.33 *per cent* over 2021-22, though the quantum of expenditure increased by ₹ 4,525 crore (25.88 *per cent*). The lower increase of 1.33 *per cent* is attributable to the increase in revenue expenditure of ₹ 12,680 crore, relative to the increase in total expenditure by ₹ 16,668 crore.

In the current year, the actual CE was lesser than the CE, estimated in the budget by 33.60 *per cent* (₹ 11,135 crore). CEs are generally funded from the state's revenue balance and from non-debt capital receipts. As the state is running predominantly in revenue deficit and had negligible capital receipts, hence, funding of CEs are dependent on borrowings.

GoI, under the 'Scheme for Special Assistance to States for Capital Expenditure' has been providing 50-year interest free loans to the State since 2020-21. The intent of these loans was to enhance the State's capital investment. Upto 2022-23, loans amounting to ₹ 5,219 crore[33] had been provided to the State. However, even after accounting for these loans, the State's CE, with respect to GSDP (1.42 *per cent*) during 2022-23, remained below the GS's average (2.13 *per cent*).

The booking of Capital Expenditure (₹ 22,009 crore) has also to be viewed in the light of the fact that ₹ 3,231.57 crore was incorrectly booked under capital section, instead of the revenue section (**Table 1.8** and **Para 3.3.2**). Out of ₹ 3,231.57 crore, expenditure of ₹ 2,280.65 crore, in the nature of Grants-in-Aid, was misclassified as Capital Expenditure (CE) (**Para 2.9.2**).

2.9.1 Major changes in Capital Expenditure

Major changes in CE, during 2022-23, *vis-à-vis* 2021-22, are shown in **Table 2.22**.

Table 2.22: Capital Expenditure during 2022-23 compared to 2021-22

Major Heads of Accounts	2021-22	2022-23	Increase (+)/Decrease (-)
	(₹ in crore)		
4217-Capital Outlay on Urban Development	1,957	4,025	2,068
4210-Capital Outlay on Medical and Public Health	1,091	2,186	1,095
4859-Capital Outlay on Telecommunication and Electronic Industries	1	670	669
5054-Capital Outlay on Roads and Bridges	4,079	4,525	446
4215-Capital Outlay on Water Supply and Sanitation	3,643	2,399	(-)1,244

Source: Finance Accounts

Note: During 2022-23, Revenue Expenditure of ₹ 2,306 crore was incorrectly booked under '4217' as Capital Expenditure. Thus, increase in expenditure of ₹ 2,068 crore would be reversed to decrease in expenditure of ₹ 238 crore.

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

- CE for the scheme 'AMRUT[34]' increased to ₹ 2,281 crore, an increase of 358 *per cent* from ₹ 498 crore;
- Expenditure on 'Establishment of new Medical Colleges attached with District/Referral Hospitals' increased to ₹ 887 crore, an increase of 180.70 *per cent* from ₹ 316 crore;

[33] ₹ 630 crore for the FY 2020-21; ₹ 933 crore for 2021-22 and ₹ 3,656 crore for 2022-23
[34] Atal Mission for Rejuvenation and Urban Transformation

- Expenditure on 'Development and upgradation of Infrastructure' relating to Information Technology increased to ₹ 670 crore from the 'Nil' expenditure in the PY;
- Roads and Bridges led by CE for 'Road Works', witnessed a significant outlay of ₹ 2,948 crore during 2021-22. In the current year, CE on 'Special Infrastructure Projects under Road Works' increased to ₹ 1,248 crore from the level of ₹ 652 crore during 2021-22 which led to consistent increase in CE under Roads and Bridges.
- CE for the scheme 'Piped water supply for Rural areas' decreased to ₹ 1,140 crore, a reduction of 44.09 per cent from ₹ 2,039 crore;

2.9.2 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, are classified as revenue expenditure.

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

During 2022-23, GoWB booked ₹ 2,280.65 crore in AMRUT, which included the Central share of ₹ 930.25 crore and State share of ₹ 1,350.40 crore. Audit noticed that the sanctioned amount had been released to SUDA[35] 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[36] and booked as capital expenditure. Consequently, capital expenditure was overstated by ₹ 2,280.65 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, 2020-21 and 2021-22.

2.9.3 Quality of Capital Expenditure

Return on investment in share capital invested in the PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure (CE).

[35] State Urban Development Agency
[36] Being Central share of ₹ 514 crore and State share of ₹ 157.50 crore

(i) Quality of investments and loans in the companies, corporations and other bodies

As of 31 March 2023, the State Government's investment stood at ₹ 19,832 crore mainly on Government Companies (₹ 16,980 crore; 85.62 *per* cent), Statutory Corporations (₹ 902 crore; 4.55 *per cent*) and Co-operatives (₹ 759 crore; 3.83 *per cent*). During 2022-23, the total investment made by the Government was ₹ 1,127 crore with the major investments being in WBSEDCL[37] (₹ 670 crore), WBPDCL[38] (₹ 103 crore), WBHDCL[39] (₹ 79 crore) and WBSIDCL[40] (₹ 45 crore). The position of return on investments[41] during 2018-23 is given in **Table 2.23**.

Table 2.23: Return on Investment

Sl. No.	Investment/return/cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
1	Investment at the end of the year (₹ in crore)	17,427	18,154	18,288	18,705	19,832
2	Average Investment*	16,656	17,791	18,221	18,497	19,269
3	Return (₹ in crore)	47	82	2	158	165
4	Return (*per cent*) [(3)/(2)*100]	0.28	0.46	0.01	0.85	0.86
5	Interest Payment on Government Borrowings	28,911	31,668	33,782	36,672	40,018
6	Outstanding Liabilities	3,93,300	4,33,475	4,86,430	5,36,478	5,85,169
7	Average Outstanding Liabilities*	3,77,131	4,13,388	4,59,953	5,11,454	5,60,824
8	Average rate of interest on Government Borrowings (per cent) [(5)/(7)*100]	7.67	7.66	7.34	7.17	7.14
9	Difference between interest rate and return (per cent) [8-4]	7.38	7.20	7.33	6.32	6.28
10	Difference between interest on Government borrowings and return on investment [5-3]	28,864	31,586	33,780	36,514	39,853

Source: Finance Accounts
**Calculated as average of closing balances of previous year and current year*

The State Government earned a meagre return of ₹ 165.02 crore in 2022-23 on its investment of ₹ 19,832 crore in various Corporations/Companies/Co-operatives. Dividends were received only from State Government PSUs (₹ 164.68 crore) and Co-operative Banks & Societies (₹ 0.34 crore). The return on investment was negligible at 0.86 *per cent* during 2022-23, far lower than the average rate of interest (7.14 *per cent*) paid by the Government on its borrowings.

[37] West Bengal State Electricity Distribution Company Limited
[38] West Bengal Power Development Corporation Limited
[39] West Bengal Highway Development Corporation Limited
[40] West Bengal Small Industries Development Corporation Limited
[41] In Statutory Corporations, Government Companies, Co-operative Societies and Banks

(ii) Loans and Advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government also provided loans to many of these institutions/organisations. Besides this, Government provided advances to Government servants for the purpose of House Building, Marriage, Illness and for the purchase of Motor Conveyances and Computer. **Table 2.24** presents the outstanding loans and advances, as on 31 March 2023, along with interest receipts, during the five-year period from 2018-19 to 2022-23.

Table 2.24: Quantum of loans disbursed and recovered during the last five years

Quantum of loans disbursed and recovered	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Opening Balance of loans outstanding	12,718	12,779	13,979	16,106	17,150
Amount advanced during the year	865	1,267	2,277	1,102	565
Amount recovered during the year	804	67	150	58	82
Closing Balance of the loans outstanding	12,779	13,979	16,106	17,150	17,633
Net addition	61	1,200	2,127	1,044	483
Interest received	548	122	118	97	49

Source: Finance Accounts

- Out of the total loans and advances during 2022-23 (₹ 565 crore), Social Services accounted for ₹ 302 crore (53.45 *per cent)*, Economic Services for ₹ 261 crore (46.19 *per cent*) and the remaining ₹ 1 crore to Government Servants. Within the Social Services, KMC[42] received major share of ₹ 286 crore for the implementation of KEIIP[43] project and in Economic Services it was for Government Companies (₹ 189 crore) and Statutory Corporations (₹ 69 crore).
- Government was providing loans to Government Companies/Statutory Corporations and Autonomous Bodies, whose annual accounts were in arrears (**Para 4.12**).
- Against the estimation of ₹ 185 crore, actual recovery was only ₹ 82 crore (44.32 *per cent*). Interest received on loans decreased from ₹ 548 crore in 2018-19 to ₹ 49 crore in 2022-23 despite increase in outstanding loans from ₹ 12,779 crore to ₹ 17,633 crore in the aforesaid period.
- The interest in arrears, as at the end of March 2022, in respect of loans maintained by AG(A&E), was ₹ 9,724 crore. During 2022-23, the interest received was ₹ 49 crore, which works out to 0.50 *per cent* of the interest due of the loans maintained by AG(A&E).
- In respect of loan accounts maintained by AG(A&E), recovery of Loans and Advances, aggregating ₹ 17,669 crore (Principal: ₹ 7,648 crore and Interest: ₹ 10,021 crore), was overdue, as on 31 March 2023.
- WBPDCL stated that cash crunch and non-receipt of dues from

[42] Kolkata Municipal Corporation
[43] Kolkata Environmental Improvement Investment Program

WBSEDCL owing to MFCA[44] (₹ 2,936 crore as on 31 July 2023) and LPSC[45] (₹ 1,432 crore as on 31 March 2023) were the reasons behind withholding the repayment.

- The principal and interest payment in arrears, in respect of loans maintained by State Government, were not available.
- Indian Government Accounting Standards (IGAS-3) require disclosure of loans that were sanctioned without specific terms and conditions governing such loans. Out of 167 loans valued at ₹ 563 crore, sanctioned by the State Government during 2022-23, 16 loans, valued at ₹ 287 crore (50.98 *per cent*), were sanctioned without specifying any terms and conditions, like schedule of repayment, rate of interest, number of instalments, etc. Such non-issuance of terms and conditions were also noticed against 97 and 84 loans, out of 186 and 185 loans, sanctioned during 2020-21 and 2021-22, respectively.

The meagre recovery of loans, as well as sanction of loans without specifying terms and conditions, was being pointed out in the State Finances Audit Report since 2008-09.

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

(iii) Capital Expenditure from Public Account

The 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 local bodies/government agencies, for the specified purposes. The Entry Tax, collected in the State, are initially credited in the WBCETF. The balances in the WBCETF are deducted when the expenditure is incurred under various heads of the Consolidated Fund.

The WBCETF, operated under the Public Works Department (PWD), had a negative balance of ₹ 378.04 crore, at the beginning of the year. During 2022-23, no amount was transferred to WBCETF, from the Capital Outlay Major Head (5054), to set right the negative balance. Instead, ₹ 210.70 crore was disbursed from this fund. Resultantly, the closing balance in WBCETF continued to remain adverse at ₹ 588.74 crore.

Such disbursement from WBCETF and non-contribution to the WBCETF, was indicative of the accounting procedure being defective.

[44] Monthly Fuel Cost Adjustment
[45] Late Payment Surcharge

(iv) Parking of funds for Capital Expenditure in Deposit Accounts

GoI has been providing grants to the GoWB, in regard to the central sector scheme 'Rehabilitation package for the returnees and upgradation of infrastructure of Bangladeshi enclaves and Coochbehar district', since 2015-16.

Scrutiny revealed that, as of August 2023, funds amounting to ₹ 23.32 crore, had remained parked in the Personal Deposit Account (Head of Account '8443-106') of the District Magistrate, Coochbehar. The above fund relates to unspent CE of the above scheme, which was disbursed during 2015-23.

Parking of the funds in the Deposit Account not only overstated the CE, but also affected the quality of expenditure.

(v) Drawal of capital expenditure funds by the Non-Government DDOs

West Bengal Treasury Rule (WBTR) stipulated that, non-government DDOs may draw funds related to grants-in-aid, contribution, etc. from the Treasury.

However, in contravention of these provisions, non-Government DDOs had drawn funds related to capital expenditure of ₹ 4,100 crore[46], from the Treasuries. List of such DDOs, who had drawn funds amounting to ₹ 10 crore and above for the capital expenditure, are shown in ***Appendix 2.4***.

2.10 Expenditure priorities

Enhancing human development levels requires 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[47] average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

The expenditure priorities of the State, in regard to some key areas, is shown in **Table 2.25**.

Table 2.25: 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 (2017-18)	16.13	67.82	15.56	15.17	5.09
West Bengal	16.46	66.39	12.05	15.06	5.52
General States Average (2022-23)	15.79	67.28	15.22	14.85	5.68
West Bengal	15.78	67.27	9.20	16.77	6.87

Source: Finance Accounts and MoSPI data

Note: TE: Total Expenditure, CE: Capital Expenditure(including loans & advances) and DE: Development Expenditure

[46] Only those cases had been considered where DDOs had drawn ₹ 1 crore and above (other than GIA)

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

Analysis of the expenditure priorities of the State revealed the following:

- TE as a percentage to GSDP, dropped to 15.78, from the level of 16.46 during 2017-18, indicating that the growth of Government expenditure was not commensurate with the growth of GSDP.

- 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.

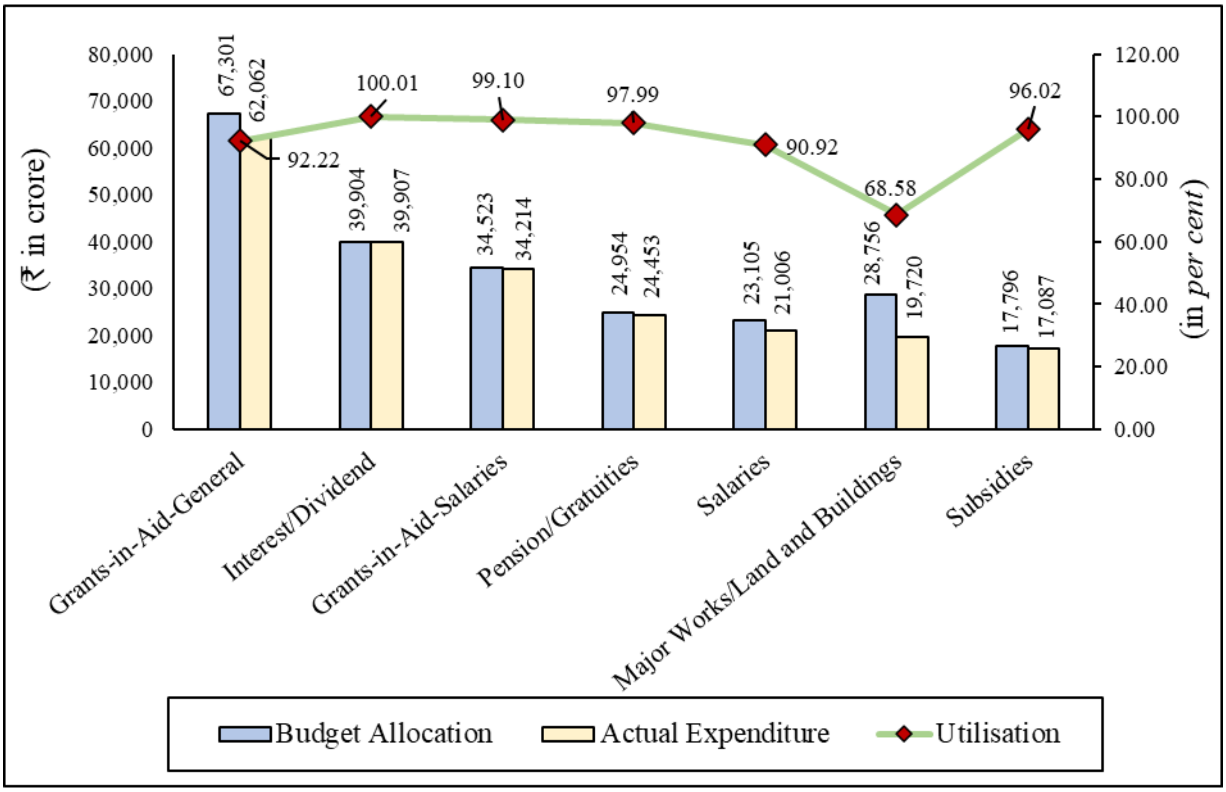
- The DE/TE ratio of the State was almost similar to the GS but shorter than the levels of neighboring states like Bihar (72.74 *per cent*), Jharkhand (71.53 *per cent*) and Odisha (68.74 *per cent*).

- The share of expenditure on Education and Health in the State, as a proportion of the total expenditure, was higher than the corresponding GS average, during 2022-23. As a percentage of the GSDP, the expenditure on health remained at 1.08 *per cent,* which, was lower than Bihar (1.57 *per cent*), Jharkhand (1.34 *per cent*) and Odisha (1.59 *per cent*).

2.10.1 Object head-wise expenditure

The 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) during 2022-23, are given in **Chart 2.14**.

Chart 2.14: Object Head-wise Expenditure *vis-à-vis* budget authorisation during 2022-23



Source: VLC data and Finance Accounts (2022-23)

As can be seen from the above chart, expenditure marginally exceeded the budgetary allocation under the object head 'Interest/Dividend' and in one object head 'Major Works/Lands & Buildings', the utilisation was below 69 *per cent* of the budget. The total expenditure during 2022-23 was ₹ 2,45,413 crore. Out of this, Grants-in-Aid-General, Interest/Dividend and Grants-in-Aid salaries, accounted for 25.29, 16.26 and 13.94 *per cent*, respectively.

2.11 Contingency Fund

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.

During 2022-23, out of the advances of ₹ 66.75 crore, the un-recouped balances stood at ₹ 9.33 crore. Considering the unrecouped balances of ₹ 1.70 crore for the year 2020-21, the aggregate unrecouped balances at the end of 2022-23 stood at ₹ 11.03 crore. Of this balance, Revenue Expenditure constituted ₹ 3.94 crore and Capital Expenditure: ₹ 7.09 crore. As a result, Revenue and Fiscal Deficits remained understated by ₹ 3.94 crore and ₹ 11.03 crore, respectively (**Table 1.8**).

In pursuance of the CF of West Bengal (Amendment) Act, 2022, with effect from 1 April 2022, the corpus of the CF of West Bengal has been raised to ₹ 200 crore, from the earlier corpus of ₹ 20 crore. Therefore, in effect, the balance in the CF, at the end of 2022-23, stood at ₹ 188.97 crore.

2.12 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/trustee for custody of public money, since these transactions are mere pass-through transactions.

2.12.1 Net balances in the Public Account

Net balances in the Public Account, where the Government acts as a banker or trustee, are used by the Government for meeting its expenditure and, thus, become liabilities of the State. The net transactions under the Public Account, covering the period 2018-19 to 2022-23, are indicated in **Table 2.26.**

Table 2.26: Component-wise net balances in Public Account

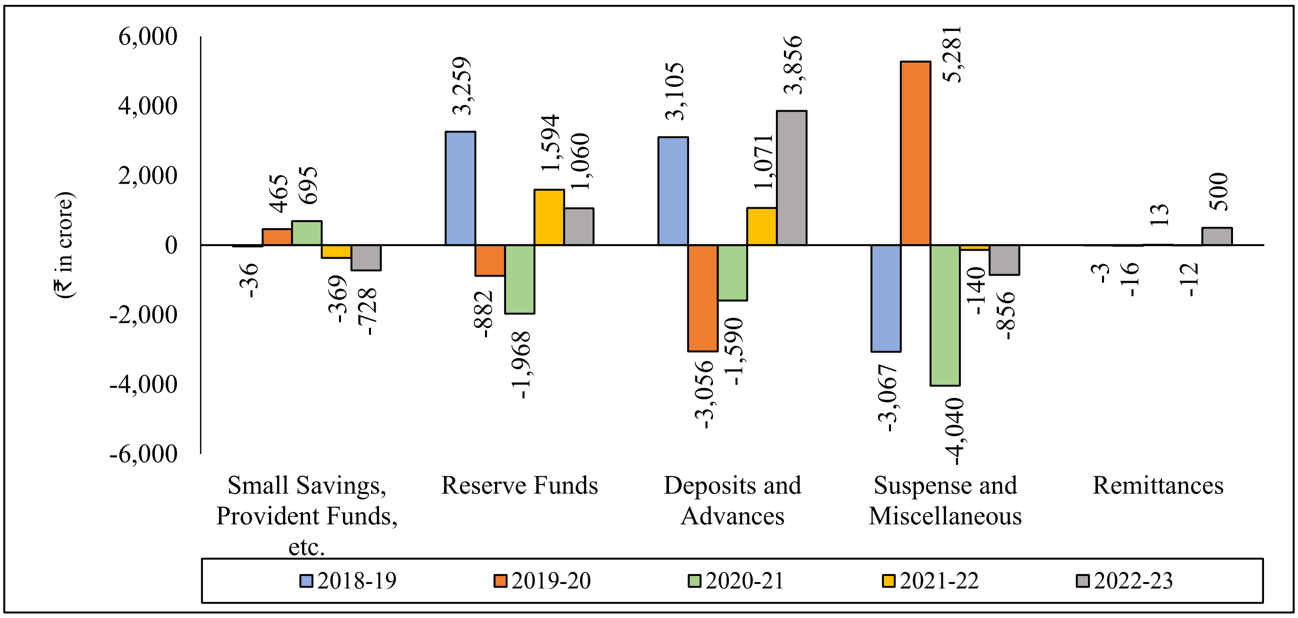
Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
		(₹ in crore)				
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	1,128	1,593	2,288	1,919	1,191
J. Reserve Funds	(a) Reserve Funds bearing Interest	215	887	774	325	1,103
	(b) Reserve Funds not bearing Interest	2,199	645	(-)1,210	833	1,115
K. Deposits and Advances	(a) Deposits bearing Interest	3,373	2,749	3,340	3,276	3,159
	(b) Deposits not bearing Interest	2,339	(-)93	(-)2,274	(-)1,139	2,834
	(c) Advances	0	0	0	0	0
L. Suspense and Miscellaneous	(a) Suspense	139	182	(-)227	(-)52	71
	(b) Other Accounts	(-)1,572	3,666	35	(-)280	(-)687
	(c) Miscellaneous	0	0	0	0	(-)572
M. Remittances	(a) Money Orders, and other Remittances	0	0	0	0	490
	(b) Inter- Governmental Adjustment Account	2	(-)14	(-)1	(-)13	(-)3
Total		**7,823**	**9,615**	**2,725**	**4,869**	**8,701**
Percentage increase over the previous year		71.37	22.91	(-)71.66	78.68	78.70

Source: Finance Accounts

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

The yearly changes in composition of Public Account balances are depicted in **Chart 2.15**.

Chart 2.15: Yearly changes in composition of Public Account balances



Source: Finance Accounts

Net Public Accounts Receipts increased by ₹ 3,832 crore (79 *per cent*) over 2021-22 mainly owing to increase in the net inflow of balances under Deposits not bearing interest (by ₹ 3,973 crore[48]) and Reserve Funds (by ₹ 1,060 crore) partially *offset* by net outflow in the balance on Suspense and Miscellaneous (₹ 856 crore) and Small Savings, Provident Funds, etc. (₹ 728 crore). Net availability of funds in Deposits, Reserve Funds and Remittances had a major share in financing the fiscal deficit. The details of Reserve Funds have been discussed in **Paragraph 2.12.3**, while details of Suspense, Remittances and Deposits & Advances have been discussed in **Chapter IV** of this Report.

2.12.2 Adverse balance in Deposit Accounts

As per WBTR, the balances at the credit shown in the pass book of each local fund account, are to be verified by the Administrator, at the end of the financial year. The balances are to be verified with reference to the Treasury figure and a certificate of balance is to be forwarded to the AG (A&E), West Bengal, through the Treasury, by the 15 May of the next financial year. Audit noticed that balances of ₹ 8,776 crore and ₹ 3,309 crore, under the major heads '8448-deposit of local funds' and '8449-other deposits-00-120-miscellaneous deposits' respectively, had appeared in deposit accounts, without confirmation and reconciliation.

WBTR stipulates that no local body or Administrator of a Local Fund Account shall be allowed to overdraw the balance at his credit in his account, without obtaining prior special permission from the Government. However, it was

[48] Mainly due to increase in the deposits of local funds (by ₹ 2,512 crore)

observed that the above balances also included a negative balance of ₹ 1,244 crore, which indicated overdrawal of funds compared to the deposit balances (***Appendix 2.5***).

2.12.3 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. The contributions are treated as expenditure under the Consolidated Fund. The expenditure relating to the fund is initially accounted for under the Consolidated Fund itself for which the vote of the Legislature is obtained. At the end of the year, at the time of closure of accounts, expenditure relating to the fund is transferred to the Public Account. The funds may further be classified as 'Funds bearing interest' and 'Funds not bearing interest'.

The fund balances lying in Reserve Funds, as on 31 March 2023, are shown in **Table 2.27**.

Table 2.27: Detail of Reserve Funds

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2023 (₹ in crore)
A	**Reserve Funds bearing Interest**	**3,354**
1.	State Disaster Response Fund (SDRF)	2,388
2.	State Disaster Mitigation Fund (SDMF)	660
3.	State Compensatory Afforestation Fund (SCAF)	306
B	**Reserve Funds not bearing Interest**	**13,611**
1.	Sinking Funds	12,139
2.	Roads and Bridges Fund	193
3.	Development and Welfare Funds	174
4.	General and other Reserve Funds	1,105
Grand Total		**16,965**

Source: Finance Accounts

Against the gross accumulated balance of ₹ 16,965 crore lying in these funds, an amount of ₹ 13,611 crore was under 15 non-interest-bearing Reserve Funds and ₹ 3,354 crore was under three Interest-bearing Reserve Funds. There were no inoperative reserve funds in 2022-23. Out of the total accumulated balance in these funds, ₹ 13,419 crore (79.10 *per cent*) was invested.

An analysis of certain major reserve funds, having a bearing on the liability position of the Government, its funding and expenditure, is given below.

2.12.3.1 Consolidated Sinking Fund

As per the recommendations 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 0.50 *per cent* of the outstanding liabilities[49] at the end of the previous year to the CSF. During 2022-23,

[49] Internal Debt and Public Account

GoWB's contribution was ₹ 1,037.38 crore, of which the Government's contribution to CSF was only ₹ 200 crore and interest earned on the investment from CSF was ₹ 837.38 crore. This, however, fell short of the prescribed contribution of ₹ 2,545.28 crore[50]. As a result, Revenue and Fiscal deficits remained understated by ₹ 1,507.90 crore (**Table 1.8**). The closing balance of ₹ 12,139 crore, at the end of 31 March 2023, in the CSF, was invested.

2.12.3.2 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, contributions are to be transferred to the Public Account, under the Major Head 8121-122-SDRF.

As on 31 March 2023, a balance of ₹ 2,387.59 crore was lying in the fund, of which ₹ 200 crore had remained invested. Contributions to the SDRF were affected through book adjustment, without any actual cash involvement. The residual amount of ₹ 2,187.59 crore remained un-invested. Such non-investment was against the spirit of the SDRF. Moreover, as the transfer of funds was affected through book adjustment, the residual amount of ₹ 2,187.59 crore merely remained as book balance in the Accounts, which was against the principle of cash basis of accounting.

Para 3.1 of the SDRF guidelines provides that the SDRF shall be used for meeting the expenditure for providing relief to the victims of specified natural calamities.

Scrutiny revealed that, during 2018-23, relief material worth ₹ 154 crore, was utilized for distribution of clothing/materials[51] from the MLA quota, on the occasions of *Eid/Durga Puja,* i.e. for purposes other than relief to victims of natural calamities. The involvement for the current year was ₹ 48 crore.

2.12.3.3 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. The State Government had constituted the GRF in January 2015. The closing balance in the fund, as of March 2023, stood at ₹ 857.04 crore. During 2022-23, the State Government contributed ₹ 50 crore against the required contribution of ₹ 84.42 crore[52].

The guidelines of GRF, *inter alia,* stipulated that guarantee commission (GC) collected, was to be transferred to the fund. In the current year, GC of ₹ 9.90 crore, received by the State Government was, however, not transferred to the GRF. Non-transfer of GC led to understatement of the balances in the GRF by ₹ 9.90 crore, during 2022-23.

2.13 Debt Management

Debt Management is the process of establishing and executing a strategy for

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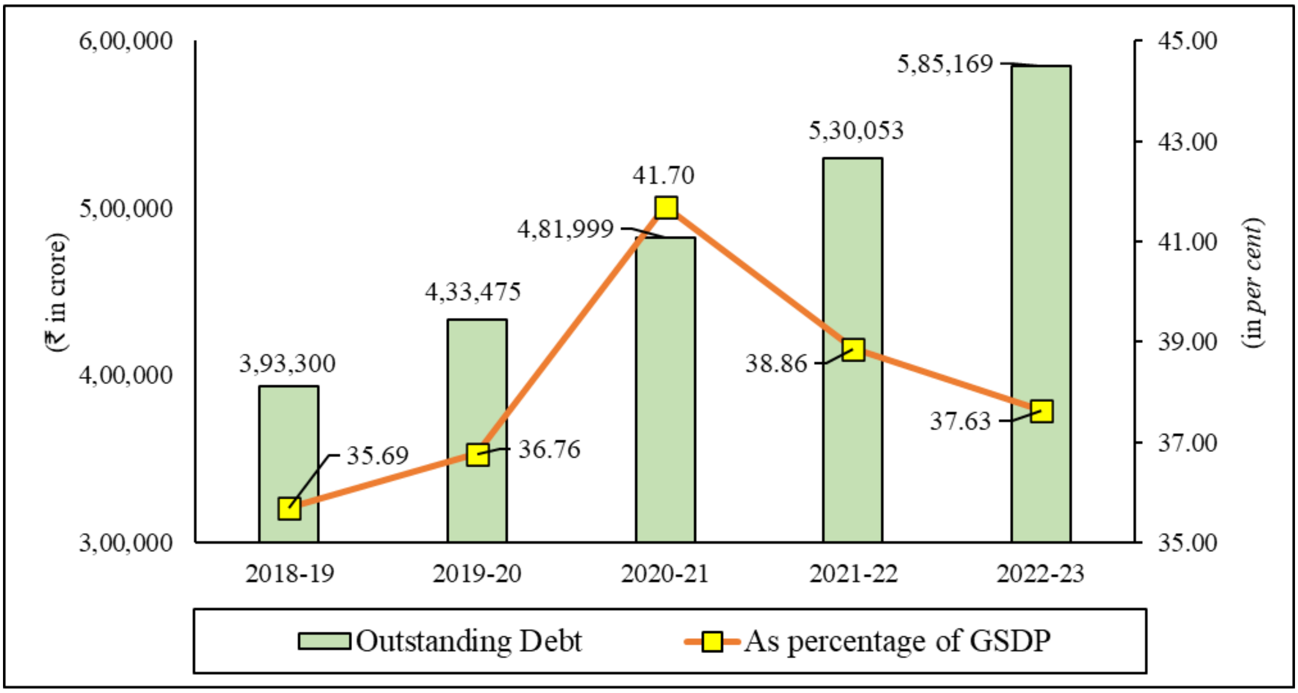
[50] Based on 0.50 *per cent* of outstanding liabilities of ₹ 5,09,055.45 crore at the end of March 2022
[51] Handloom saree, woollen blanket, children garments, lungi, dhoti, tarpaulins etc.
[52] Based on 0.50 *per cent* of the outstanding guarantees (₹ 16,885 crore) as on 31 March 2022

managing the Government's debt, in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other budget announcements. The total outstanding debt and its percentage to GSDP, during the period 2018-19 to 2022-23, are depicted in **Chart 2.16.**

Chart 2.16: Outstanding Debt and its percentage to GSDP



Source: Finance Accounts

Note: The Debt to GSDP ratios during 2020-21 and 2021-22 were 42.09 and 39.33 per cent respectively. However, the effective debt to GSDP ratios were 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.

As seen from the **Chart 2.16,** the outstanding debt and its *per cent* to GSDP had been on an increasing trend, from 35.69 *per cent* during 2018-19 to 41.70 *per cent* during 2020-21. Thereafter, it decreased from 38.86 *per cent* during 2021-22, to 37.63 *per cent* during 2022-23. However, during the entire period of five years, it had exceeded the targets[53] prescribed in WBFRBM Act. This was mainly due to increase in the internal debt of the State.

Debt with respect to GSDP of the State (37.63 *per cent*) was higher than the GS's average (26.31 *per cent*).

2.13.1 Debt profile: Components

The total debt of the State Government typically comprises of the internal debt of the State (Market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), Loans and Advances from the GoI and public account liabilities. The component-wise liability trends of the State for the period of

[53] 34.33 *per cent* during 2018-19 and 34.30 *per cent* during 2019-23

five years beginning from 2018-19, are shown in **Table 2.28.**

Table 2.28: Component-wise liability trends

(₹ in crore)

Components of Fiscal Liability	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liabilities*	**3,93,300**	**4,33,475**	**4,86,430**	**5,36,478**	**5,85,169**
(I) Public Debt	**3,40,422**	**3,75,708**	**4,24,247**	**4,70,289**	**5,10,763**
(a) Internal Debt	3,26,064	3,60,464	4,04,017	4,42,866	4,79,797
(b) Loans from GoI	14,358	15,244	20,230	27,423	30,966
(II) Liabilities on Public Account	**52,878**	**57,767**	**62,183**	**66,189**	**74,406**
(a) Small Savings, Provident Funds, etc.	15,637	17,230	19,518	21,436	22,627
(b) Reserve Funds bearing Interest	265	1,151	1,926	2,251	3,154
(c) Reserve Funds not bearing Interest	595	350	637	263	392
(d) Deposits bearing Interest	16,839	19,588	22,928	26,204	29,363
(e) Deposits not bearing Interest	19,542	19,448	17,174	16,035	18,870
Rate of growth of outstanding total liabilities (in *per cent*)	8.96	10.21	12.22	10.29	9.08
Gross State Domestic Product (GSDP)	11,02,054	11,79,097	11,55,821	13,63,926	15,54,992
Liabilities/GSDP (in *per cent*)	35.69	36.76	41.70#	38.86#	37.63
Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)					
Total Receipts	1,61,383	1,81,007	1,86,034	1,97,690	1,91,796
Total Repayments	1,29,044	1,40,832	1,33,079	1,47,642	1,43,105
Net funds available	32,339	40,175	52,955	50,048	48,691
Repayments/Receipts (in per cent)	79.96	77.80	71.53	74.68	74.61

Source: Finance Accounts

**Outstanding Total Liabilities refer to the cumulative balance of Public Debt and other Liabilities.*

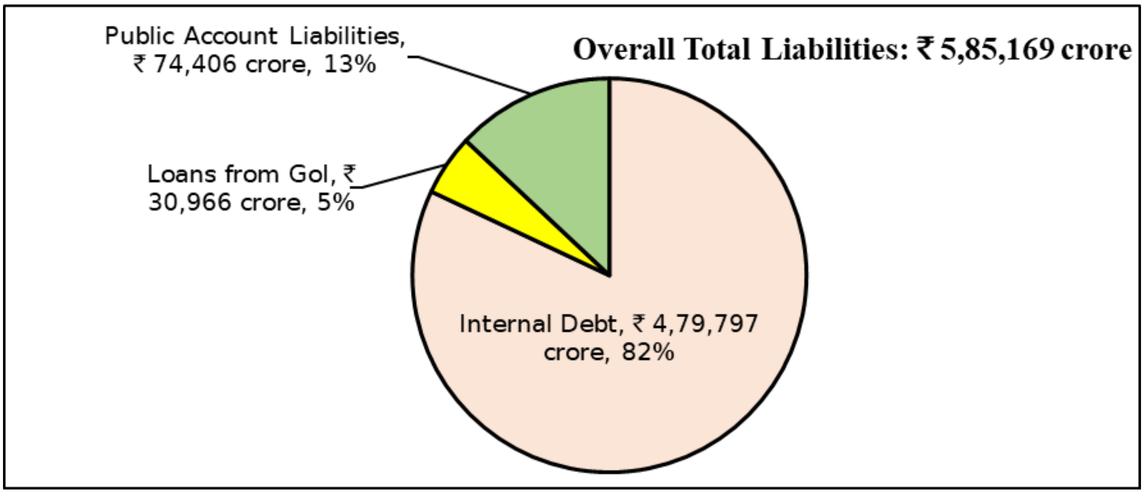
#Liabilities to GSDP ratios during 2020-21 and 2021-22 were 42.09 and 39.33 per cent respectively. However, the effective liabilities to GSDP ratios were arrived at after exclusion of GST compensation of ₹4,431 crore and ₹6,425 crore received during 2020-21 and 2021-22 respectively as back-to-back loan under total debt receipts from the outstanding total liabilities.

Public Debt increased by ₹ 1,70,341 crore (50.04 *per cent*) during the period 2018-23, wherein Internal Debt increased by ₹ 1,53,733 crore (47.15 *per cent*) and Loans from GoI increased by only ₹ 16,608 crore (115.67 *per cent*). Public Account Liabilities, during the afore mentioned period, increased by ₹ 21,528 crore (40.71 *per cent*).

During the period 2018-23, the borrowed funds were mostly utilized for debt repayment and filling the gap on the Revenue account, which reduced the productivity of the borrowed funds.

The break-up of outstanding total liabilities, at the end of 2022-23, is shown in **Chart 2.17**.

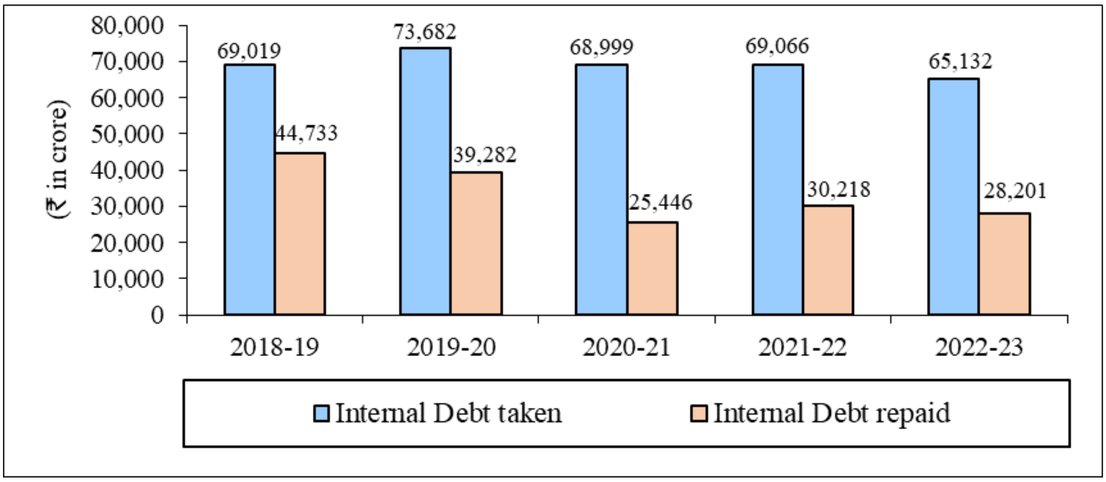
Chart 2.17: Break-up of Outstanding Total Liabilities at the end of 2022-23



Source: Finance Accounts

Chart 2.18 depicts the quantum of internal debt taken *vis-à-vis* the internal debt repaid, during the period of five years, i.e. 2018-23.

Chart 2.18: Internal debt taken *vis-à-vis* repaid



Source: Finance Accounts

Note: Internal debt taken and repaid included WMA of ₹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'.

Internal debt, which primarily consist of market borrowings, is raised through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF. It accounted for 81.99 *per cent* of the total outstanding debt in the current year.

As on 31 March 2023, market borrowings (₹ 4,28,134 crore) formed a major portion (89.23 *per cent*) of the outstanding internal debt (₹ 4,79,797 crore) of the State Government, with interest rates ranging from 6.35 to 14 *per cent.* State Government paid an interest of ₹ 35,354 crore on Internal Debt. **Chart 2.18** shows that the internal debt taken, rose steadily during the period 2018-20 and during 2020-22. During 2022-23, the internal debt repaid decreased by 6.67 *per cent,* whereas the internal debt taken decreased by only 5.69 *per cent,* over 2021-22. This led to increase in the availability of borrowed funds for utilisation out of internal debt, from 56.25 *per cent* in 2021-22, to 56.70 *per cent* in 2022-23. The ratio of 56.70 *per cent* would be changed to 56.68 *per cent* if the principal repayment of ₹ 12 crore by GoWB, against the CCL raised by PSUs through the off-budget route, is factored in. This implied that a large portion of the internal debt taken in the current year has been used to repay the debts taken in earlier years. Higher repayment from internal debt led to contraction of productive expenditure.

2.13.2 Off-budget borrowings

Off-budget borrowing refer 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 grants/appropriations. 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 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 had repaid off-budget borrowings, amounting ₹ 16 crore, which had been raised during 2009-11, through two State Public Sector Undertakings, by means of Cash Credit Loan (CCL) (**Table 2.29**). Though these entities had borrowed funds for financing various Government schemes, the expenditure on account of such borrowings was not disclosed in the budget or in the Finance Accounts of the State.

Table 2.29: Details of repayment of off-budget borrowing during 2022-23

Sl. No.	Loans raised by	Department involved	Loans raised for	Principal repaid	Interest paid	Total repayment
				(₹ in crore)		
1.	West Bengal State Co-operative Marketing Federation Limited (BENFED)	Agriculture Marketing	Potato Procurement 2010	7.18	2.16	9.34
	West Bengal State Consumers' Co-operative Federation Limited (CONFED)			4.96	1.49	6.45
Total				**12.14**	**3.65**	**15.79**

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

Against the total repayment (₹ 16 crore) of CCL, Principal and Interest of ₹ 12 crore and ₹ 4 crore respectively, were repaid through Grants-in-aid, as mentioned in **Paragraphs 2.8.4** and **2.8.2**. Thus, the repayment of borrowings of the above two entities were direct liabilities of the State Government, despite being raised through the off-budget route.

Further, it was noticed during audit scrutiny that, at the end of 2022-23, repayment of ₹ 20 crore towards principal, was due upto March 2023, from two entities (BENFED: ₹ 12 crore and CONFED: ₹ 8 crore). Thus, the overall outstanding debt (₹ 5,85,169 crore) of the State would increase by ₹ 20 crore to ₹ 5,85,189 crore. Interest estimated at ₹ 4 crore (BENFED: ₹ 2 crore and CONFED: ₹ 2 crore), was also pending from these entities. An exhaustive position of outstanding liabilities could not be arrived at, since the State

Government had not disclosed the off-budget liabilities in its budget documents/annual financial statements. Consequently, the actual impact on the overall outstanding debt and its comparison *vis-à-vis* the GSDP, remained unassessed.

Off-budget borrowings not only reflect lack of disclosure in budget and accounts, but also put expenditure incurred on various schemes out of these funds, beyond the control and scrutiny of the Legislature.

2.13.3 Composition of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift, as reflected in **Table 2.30.** The breakdown of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above the revenue and non-debt receipts.

Table 2.30: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23
Composition of Fiscal Deficit		**33,485**	**36,831**	**44,688**	**50,528**	**49,787**
1	Revenue Deficit	10,399	19,661	29,527	32,000	27,295
2	Net Capital Expenditure	23,025	15,971	13,034	17,484	22,009
3	Net Loans and Advances	61	1,199	2,127	1,044	483
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	30,431	40,882	50,180	45,199	42,500
2	Loans from GOI	125	886	4,986	7,193	3,543
3	Special Securities issued to NSSF	(-)6,125	(-)6,340	(-)6,340	(-)6,340	(-)6,340
4	Loans from Financial Institutions	(-)20	(-)143	(-)287	(-)11	772
5	Small Savings, PF, etc.	1,128	1,593	2,288	1,919	1,191
6	Deposits and Advances	5,712	2,656	1,066	2,137	5,993
7	Suspense and Miscellaneous	(-)1,433	3,848	(-)192	(-)332	(-)1,188
8	Remittances	2	(-)14	(-)1	13	487
9	Reserve Fund	2,414	1,532	(-)436	1,158	2,218
10	Contingency Fund	(-)1	(-)11	5	(-)52	228
11	Appropriation to Contingency Fund	0	0	0	0	(-)180
12	**Overall Deficit**	**32,233**	**44,889**	**51,269**	**50,884**	**49,224**
13	Increase (-)/Decrease (+) in cash balance	1,252	(-)8,058	(-)6,581	(-)356	563
14	**Fiscal Deficit (12+13)**	**33,485**	**36,831**	**44,688**	**50,528**	**49,787**

Source: Finance Accounts

Table 2.30 shows that there has been an increasing trend in the Fiscal Deficits since 2018-19. During 2022-23, however, the Fiscal Deficit (FD) decreased over the previous year by ₹ 741 crore (1.47 *per cent*). A high level of FD is good for the economy if the borrowings which financed the FD are used for creation of productive assets like highways, roads & bridges and other infrastructure projects that boost economic growth and result in job creation. However, in 2022-23, the capital expenditure was ₹ 22,009 crore, representing 44.21 *per cent* of the FD. Improvement of this ratio, from 34.60 *per cent* in

2021-22, is indicative of the progression in creation of productive assets from the PY's level, though it remained much lower compared to the ratio of 68.76 *per cent* in 2018-19. Thus, there is a need to augment capital expenditure, in order to accelerate growth and promote equitable growth.

Borrowed funds, used for meeting revenue expenditure, create liability for future years, without creating any assets. It is evident that substantial amount of market borrowings (64.22 *per cent* in 2022-23) continued to be committed to finance the deficit on the Revenue Account, thereby restricting asset creation in the State. Borrowing to meet Revenue Deficit, year after year, would not augur well for the State Finances in the long run, since a substantial portion of the interest payment obligations 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.

The financing pattern of the fiscal deficit, for the year 2022-23, is shown in **Table 2.31**.

Table 2.31: Financing pattern of fiscal deficit during 2022-23

Particulars		Receipts	Disbursements	Net
		(₹ in crore)		
1	Market Borrowings	63,000	20,500	42,500
2	Loans from GOI	5,111	1,568	3,543
3	Special Securities issued to NSSF	0	6,340	(-)6,340
4	Loans from Financial Institutions	2,133	1,361	772
5	Small Savings, PF, etc.	5,204	4,013	1,191
6	Deposits and Advances	1,12,926	1,06,933	5,993
7	Suspense and Miscellaneous	1,72,121	1,73,309	(-)1,188
8	Remittances	(-)118	(-)605	487
9	Reserve Fund	3,422	1,204	2,218
10	Contingency Fund	180	(-)48	228
11	Appropriation to Contingency Fund	0	180	(-)180
12	**Overall Deficit**	**3,63,979**	**3,14,755**	**49,224**
13	Increase (-)/Decrease (+) in cash balance			563*
14	**Fiscal Deficit**			**49,787**

Source: Finance Accounts

**Cash balance as on 01 April 2022 and 31 March 2023 were ₹ 32,602 crore and ₹ 32,039 crore respectively.*

During 2022-23, a major component of borrowings continued to be the Market borrowings. Further, the Fiscal Deficit (₹ 49,787 crore), which comprised of the Revenue Deficit (54.82 *per cent*), Net Capital Expenditure (44.21 *per cent*) and Net Loans and Advances (0.97 *per cent*) in 2022-23, was financed from the net Market borrowings, to the extent of 85.36 *per cent*. Again, 51.79 and 1.14 *per cent* of the net inflow from market borrowings was used to finance net Capital Expenditure and net Loans & Advances, respectively.

2.14 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters, compliance of macro-fiscal parameters to the respective FRBM targets and the Domar approach. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators are given in **Table 2.32**.

Table 2.32: Trends in Debt Sustainability Indicators

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt* (as on 31 March of the year) (₹ in crore)	3,40,422	3,75,708	4,24,247$	4,70,289$	5,10,763
Rate of Growth of Outstanding Public Debt (*per cent*)	7.72	10.37	12.92	10.85	8.61
GSDP (₹ in crore)	11,02,054	11,79,097	11,55,821	13,63,926	15,54,992
Rate of Growth of GSDP (*per cent*)	13.07	6.99	(-)1.97	18.00	14.01
Debt@/GSDP (in *per cent*)	35.69	36.76	41.70	38.86	37.63
Fiscal Deficit/GSDP (*per cent*)	3.04	3.12	3.87	3.70	3.20
Interest Payment^ (₹ in crore)	28,911	31,668	33,782	36,672	40,018
Average interest Rate on Outstanding Public Debt[54] (in *per cent*)	8.13	8.05	7.79	7.51	7.35
Interest payments to Revenue Receipts (*per cent*)	19.81	22.16	22.76	20.59	20.46
Percentage of Public Debt Repayment to Public Debt Receipts	65.23	53.39	35.65	40.65	42.38
Net Debt available to the State# (₹ in crore)	(-)2,268	6,472	17,374	12,469	4,435
Net Debt available as *per cent* to Debt Receipts	(-)3.23	8.55	23.03	16.07	6.31
Debt Stabilisation (Quantum spread[55] + Primary Deficit) (₹ in crore)	12,234	(-)9,132	(-)52,338	35,519	24,254

Source: Finance Accounts

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

$ The effective outstanding public debt would be ₹ 4,19,816 crore and ₹ 4,63,864 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.

@ Sum of balances outstanding under Public Debt and Public Accounts
^ On Public Debt and Public Accounts liabilities

#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 shown in **Table 2.32** revealed the following:

- Outstanding Public debt of the Government of West Bengal has grown on an average at a rate of 10.09 *per cent* annually between 2018-19 to 2022-23;
- A falling debt-GSDP ratio can be considered as leading towards stability.

[54] Average Interest Rate = {Interest Payments on Public Debt/[(Opening Balance of Public Debt + Closing Balance of Public Debt)/2]}*100

[55] Quantum spread = Debt*(GSDP growth rate – Average Interest Rate)/100. If the Quantum Spread together with primary deficit is zero, debt-GSDP ratio would be constant, or debt would stabilize eventually. If it is negative, debt-GSDP would be rising and in case if it is positive, debt-GSDP would eventually tally.

Debt-GSDP ratio rose from 35.69 *per cent* in 2018-19 to 41.70 *per cent* in 2020-21 which cannot be considered as leading towards stability. In 2022-23, the ratio however, went down to 37.63 *per cent*. It, however, remained above the target of 34.30 *per* cent, stipulated in WBFRBM (Amendment) Act 2020;

- Fiscal Deficit to GSDP ratio was above the targets of WBFRBM Act during 2018-21 but remained below the targets during 2021-23.
- The ratio of Interest Payment to Revenue Receipts increased to 20.46 *per cent* in 2022-23 from 19.81 *per cent* in 2018-19 despite decrease in average interest on public debt to 7.35 *per cent* from 8.13 *per cent*. The increase in ratio indicates the interest burden on Revenue Receipts. Further, this ratio, in the current year, was above the ceiling of 19.75 *per cent* prescribed in the Fiscal Policy Strategy Statement (FPSS), placed along with the budget for 2022-23;
- The percentage of public debt repayment to public debt receipts is in an increasing trend during 2021-23, which indicates increased tendency in utilization of borrowed funds for the purpose of repayment on earlier borrowings;
- Net debt available to the State as *per cent* to Debt Receipts decreased to 6.31 *per cent* from 23.03 *per cent* in 2020-21, due to decrease in the availability of net debt, from ₹ 17,374 crore to ₹ 4,435 crore;
- Compared to previous year, quantum spread together with Primary Deficit decreased which led to debt stabilisation at a lower level. This is because of lesser growth of GSDP though Primary Deficit was on fall. This indicates the sustainability of debt being at lower levels compared to PY.

(B) An analysis on debt sustainability was carried out based on a study by American Economist, E.D. Domar[56]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt, depending on the interest rate, growth rate of GSDP and the primary budget balance, are as follows:

g-r (g – real economic growth rate; r – real interest rate)	**s< 0 (primary deficit)**	**s> 0 (primary surplus)**
g-r> 0 (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero.	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r< 0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation.

Note: Real Growth Rate calculated for GSDP at constant prices; Real Interest Rate calculated as interest rate minus inflation.

[56] Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

The results of applying the above parameters, in the case of West Bengal, are shown in **Table 2.33**.

Table 2.33: Debt Sustainability Analysis based on Domar Model

Year	Real Growth (g)	Real Interest (r)	g-r (Domar gap)	Primary Deficit (-)/Surplus (+) (s) (₹ in crore)	Results
2018-19	6.32	3.03	3.29	(-)4,574	As g-r> 0 and s< 0; Public Debt as percentage of GSDP converged to a stable level greater than zero.
2019-20	3.11	3.45	(-)0.34	(-)5,163	As g-r< 0 and s< 0; Public Debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2020-21	(-)6.65	(-)0.91	(-)5.74	(-)10,906	
2021-22	10.76	2.41	8.35	(-)13,856	As g-r> 0 and s< 0; Public Debt as percentage of GSDP should converge to a stable level greater than zero.
2022-23	8.41	0.25	8.16	(-)9,769	

Source: Ministry of Statistics and Programme Implementation, Government of India; Table 2.32 and Finance Accounts

Note: Real Growth Rate calculated for GSDP at constant prices (base year: 2011-12); Real Interest Rate calculated as interest rate minus inflation

Note: During 2021-22 and 2022-23, Domar Gap was positive along with primary deficit which indicates stable economic condition. During 2021-22, real growth was highest (10.76 per cent) due to low base of 2020-21 (COVID year) resulting in significant positive Domar Gap (8.35 per cent).

2.14.1 Utilisation of Borrowed Funds

Borrowed funds should ideally be used for capital creation and developmental activities. Utilisation of borrowed funds and trends of their utilization, during 2018-23, are shown in **Table 2.34** and **Chart 2.19**, respectively.

Table 2.34: Utilisation of borrowed funds

Year	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Total Borrowings* (1)	70,197	75,699	75,429	77,581	70,243
Repayment of earlier borrowings (Principal)# (2) (*percentage*)	45,786 (65)	40,413 (53)	26,889 (36)	31,540 (41)	29,768 (42)
Net capital expenditure (3) (*percentage*)	23,025 (33)	15,971 (21)	13,034 (17)	17,484 (23)	22,009 (31)
Net loans and advances (4) (*percentage*)	61 (0)	1,200 (2)	2,127 (3)	1,044 (1)	483 (1)
Portion of Revenue expenditure met out of net available borrowings (5) = (1-2-3-4) (*percentage*)**	1,325 (2)	18,115 (24)	33,379 (44)	27,513 (35)	17,983 (26)

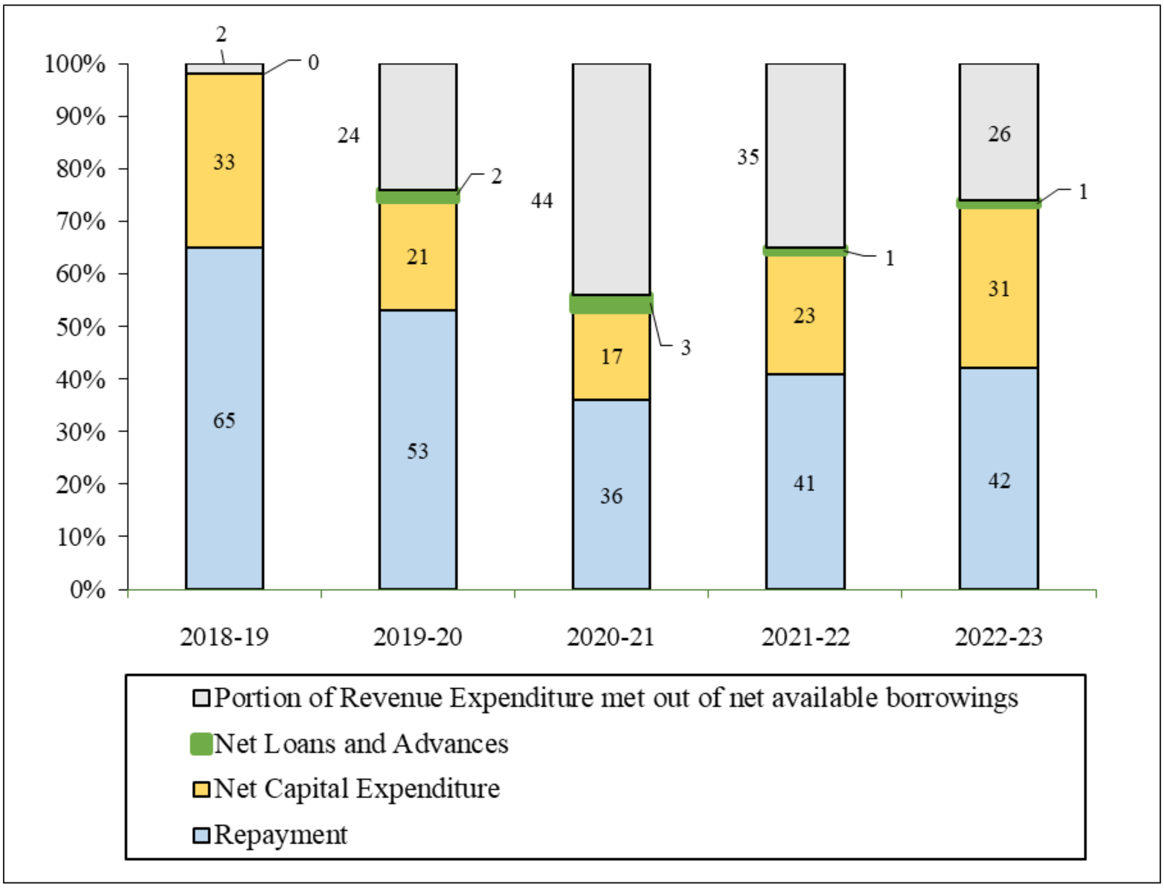
Source: Finance Accounts

**Represents total Public Debt Receipts during the year;*

#Represents total Public Debt Repayments during the year

*** Revenue Expenditure (RE) of ₹3,232 crore in 2022-23 was incorrectly booked as Capital Expenditure (CE). Actual RE during 2022-23 would thus be ₹2,26,071 crore instead of ₹2,22,839 crore. Similarly, actual CE during 2022-23 would be ₹18,777 crore instead of ₹22,009 crore. On the contrary, portion of RE met out of net available borrowings would be changed to ₹21,215 crore owing to this misclassification.*

Chart 2.19: Trends of Utilisation of borrowed funds



Source: Finance Accounts

As can be seen from **Chart 2.19**, there was little scope for utilisation of borrowed funds for developmental activities during 2018-20, since a significant portion of the borrowed funds was 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 42 *per cent* from 41 *per cent* in 2021-22, which led to decrease in the portion of revenue expenditure met out of borrowings, to 26 *per cent,* from 35 *per cent* in 2021-22. Nevertheless, utilisation of borrowed funds on revenue expenditure, capital expenditure and disbursement of loans and advances, being 58 *per cent* in the current year, remained less than the figure of 64 *per cent* in 2020-21.

As is evident from **Chart 2.19**, the State could utilise only 31.33 *per cent* (₹ 22,009 crore) of the borrowed funds for net capital expenditure during 2022-23, which represented a decline from the range of 32.80 *per cent* during 2018-19. Utilisation of borrowed funds for meeting commitment on net loans and advances, in the current year, was only 0.69 *per cent* (₹ 483 crore).

Apart from meeting its capital expenditure and repayments, as outlined above, the State utilised ₹ 17,983 crore (35 *per cent*) for discharging its Interest payment liabilities, which represented around 44.94 *per cent* of total interest payment (₹ 40,018 crore). Thereby, commitments on account of repayments (Principal: ₹ 29,768 crore *plus* Interest: ₹ 17,983 crore) were ₹ 47,751 crore, which was about 67.98 *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 the return from deployment of borrowed funds is more than borrowing cost of debt, to be sustainable. It is, therefore, essential that there is a policy framework in place, for deployment of borrowed funds, keeping in mind the cost of borrowing and potential increases in income.

2.14.2 Debt Profile: Maturity and Repayment

The debt maturity and repayment profile indicates the commitments on part of the Government for debt repayment or debt servicing in future years. The debt maturity profile of the State is shown in **Table 2.35**.

Table 2.35: Maturity Profile of repayment of Public debt of the State

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	21,672	4.24
2 – 3	47,244	9.25
4 – 5	63,182	12.37
6 – 7	58,276	11.41
8 and above	2,42,081	47.40
Others[57]	78,308	15.33
Total	**5,10,763**	**100.00**

Source: Finance Accounts

In the ensuing five and seven years, debt maturity will be 25.86 and 37.27 *per cent* respectively of the total outstanding debt. The debt maturity would be much higher in the coming years, given the fact that maturity details for ₹ 78,308 crore (15.33 *per cent* of total debt) are not available.

Market borrowings formed a significant portion of the debt repayments. This may be viewed in the light that, during 2022-23, repayment of principal and interest outgo for this purpose were ₹ 20,500 crore and ₹ 30,120 crore, respectively, which constituted nearly 68.87 and 75.27 *per cent* of the total principal repayment (₹ 29,768 crore) and interest payments (₹ 40,018 crore). The present debt liabilities, owing to repayment of market borrowings, in the next 10 years from 2023-24, are shown in **Table 2.36**.

Table 2.36: Repayment schedule of Market Borrowing (including interest) during next 10 years i.e. upto 2032-33

Year	Principal	Interest	Total
	(₹ in crore)		
2023-24	21,000	32,712	53,712
2024-25	21,900	31,189	53,089
2025-26	24,000	29,388	53,388
2026-27	34,431	27,437	61,868
2027-28	25,411	24,936	50,347
2028-29	24,300	22,679	46,979
2029-30	32,000	20,872	52,872

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

Year	Principal	Interest	Total
	(₹ in crore)		
2030-31	24,000	18,425	42,425
2031-32	22,390	17,035	39,425
2032-33	18,500	15,316	33,816
Total	**2,47,932**	**2,39,989**	**4,87,921**

Source: Information furnished (September 2023) by Finance Department, GoWB

From the period of April 2023 to March 2033, the State would have to repay market borrowings amounting to ₹ 4,87,921 crore, of which the portions of principal and interest are 50.81 and 49.19 *per cent*, respectively. At the end of the third, fifth and seventh years, the cumulative outgo for repayment of market borrowings, would be ₹ 1,60,189 crore, ₹ 2,72,404 crore and ₹ 3,72,255 crore, respectively. The outgo on account of repayment of market borrowings, 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 **Para 2.14.1**. An increase in further borrowings, in the ensuing years, cannot be ruled out, which may be much more than the figures indicated above and would pose fiscal stress in the State Finances.

The State Government requires 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.

2.14.3 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[58] 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. The Finance Department acts as the tracking authority in respect of guarantees. The outstanding guarantees, including interest (₹ 16,885 crore) (**Table 2.37**) at the beginning of 2022-23, stood at 11.38 *per cent* of the total Revenue Receipts of the second preceding year (₹ 1,48,394 crore in 2019-20) and were, thus, well within the ceiling of the WBCGA.

Table 2.37: Guarantees given by the State Government

(₹ in crore)

Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	1,06,049	1,18,143	1,31,378	1,28,623	1,33,555
Maximum amount guaranteed	16,050	14,228	15,292	15,129	10,300
Outstanding amount of guarantees including interest	6,623	8,212	7,821	16,885	17,677

Source: Finance Accounts

[58] West Bengal Ceiling on Government Guarantee Act

The outstanding guarantees, including interest amounting to ₹ 17,677 crore, at the end of the year 2022-23, included guarantees extended to 28 institutions/companies, under various sectors[59].

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, the State Government had received guarantee commission of ₹ 9.90 crore, against the receivable commission of ₹ 22.60 crore. Short receipt of guarantee commission understated the revenue receipts by ₹ 12.70 crore.

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

- WBSEDCL had approached the Finance Department through Power Department, to waive the guarantee commission of ₹ 58.84 crore, due at the end of 2022-23. In reply, the Power Department had stated that the Finance Department was not empowered to give relaxation to the provision of WBCGA, passed by the WBLA[60].
- DPL[61] stated that guarantee commission of ₹ 121.76 crore, at the end of 2022-23, could not be made by the company, due to acute financial crisis; and
- WBPDCL stated that shortage of cash flows had led to its inability to pay the outstanding guarantee commission of ₹ 6.00 crore, at the end of 2022-23.

2.15 Management of Cash Balances

As per agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD). The limits for ordinary WMA to the State Government, are revised by the RBI, from time to time. During 2022-23, no WMA was availed by the GoWB.

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 2022-23 are shown in **Table 2.38**.

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[59] Power (₹ 9,098 crore against 8 guarantees), Finance (₹ 5,950 crore against 9 guarantees), Food & Supplies (₹ 1,330 crore against 1 guarantee), Cooperation (₹ 1,094 crore against 3 guarantees), Backward Classes Welfare (₹ 124 crore against 5 guarantees), Tribal Development (₹ 16 crore against 1 guarantee) and Higher Education (₹ 65 crore against 1 guarantee)

[60] West Bengal Legislative Assembly

[61] Durgapur Projects Limited

Table 2.38: Cash Balances and their investment **(₹ in crore)**

Particulars	Opening balance on 1 April 2022	Closing balance on 31 March 2023
A. General Cash Balance		
Cash in treasuries	0.14	0.12
Deposits with Reserve Bank of India	6.90	(-)13.88
Deposits with other Banks	0.00	0.00
Remittances in transit - Local	0.00	0.00
Total	**7.04**	**(-)13.76**
Investments held in Cash Balance investment account	20,359.69	18,631.60
Total (A)	**20,366.73**	**18,617.84**
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	2.65	2.75
Investment in earmarked funds	12,233.16	13,418.85
Total (B)	**12,235.45**	**13,421.24**
Total (A + B)	**32,602.18**	**32,039.08**
Interest realised	95.34	111.86

Source: Finance Accounts

The cash balance of the State Government, at the end of the current year, decreased by ₹ 563 crore (1.73 *per cent*), from ₹ 32,602 crore in 2021-22, to ₹ 32,039 crore in 2022-23. This was mainly due to the decrease in cash balance investments by ₹ 1,728 crore, offset by the increase in investment in earmarked funds by ₹ 1,186 crore. The State Government earned an interest of ₹ 112 crore on these investments, during 2022-23.

Out of the investment of ₹ 13,419 crore in earmarked funds, ₹ 12,139 crore had been invested in the CSF, ₹ 857 crore in GRF, ₹ 200 crore in SDRF and ₹ 223 crore in Other Funds, at the end of the year.

The cash balance investments of the State, during the five-year period 2018-19 to 2022-23, are given in **Table 2.39**.

Table 2.39: Cash Balance Investment Account (Major Head-8673)

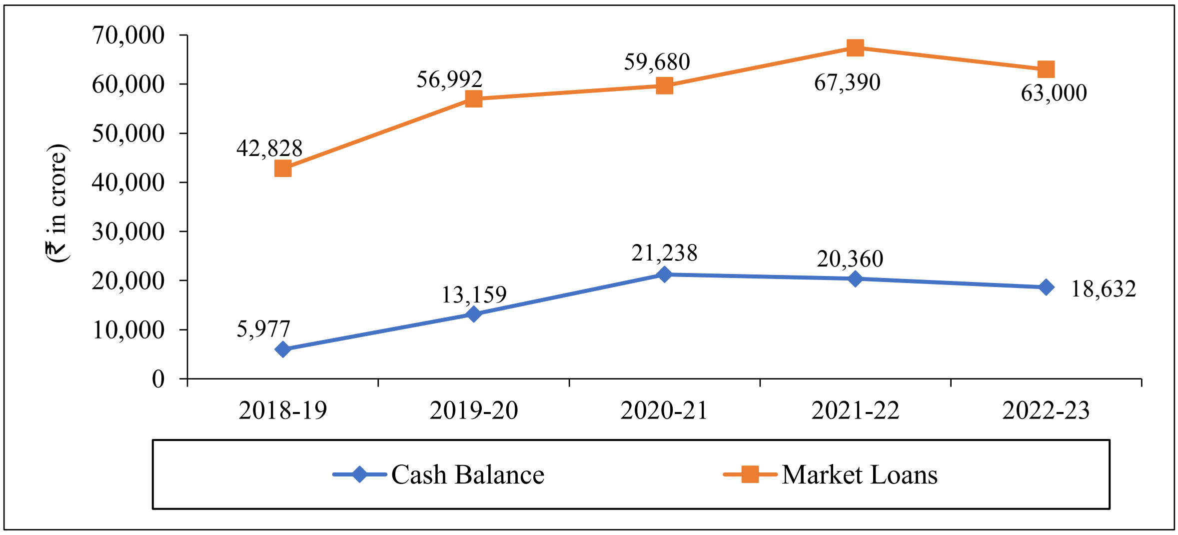
Year	Opening Balance	Closing Balance	Increase (+)/Decrease (-)	Interest earned
	(₹ in crore)			
2018-19	8,570	5,977	(-)2,593	164.84
2019-20	5,977	13,159	7,182	97.33
2020-21	13,159	21,238	8,079	62.87
2021-22	21,238	20,360	(-)878	95.34
2022-23	20,360	18,632	(-)1,728	111.86

Source: Finance Accounts

Trend analysis of the cash balance investments of the State Government, during 2018-23, revealed that investments had increased significantly during 2018-21 and had, thereafter, been on a decreasing trend. At the end of 2022-23, the cash balance investment balance stood at ₹ 18,632 crore, a decrease of 8.49 *per cent* over the PY.

Chart 2.20 compares the balances available in the cash balance investment account and the market loans taken by the State, during 2018-23. Market loans were taken at higher interest rates, whereas investment in treasury bills had yielded interest at lower rates.

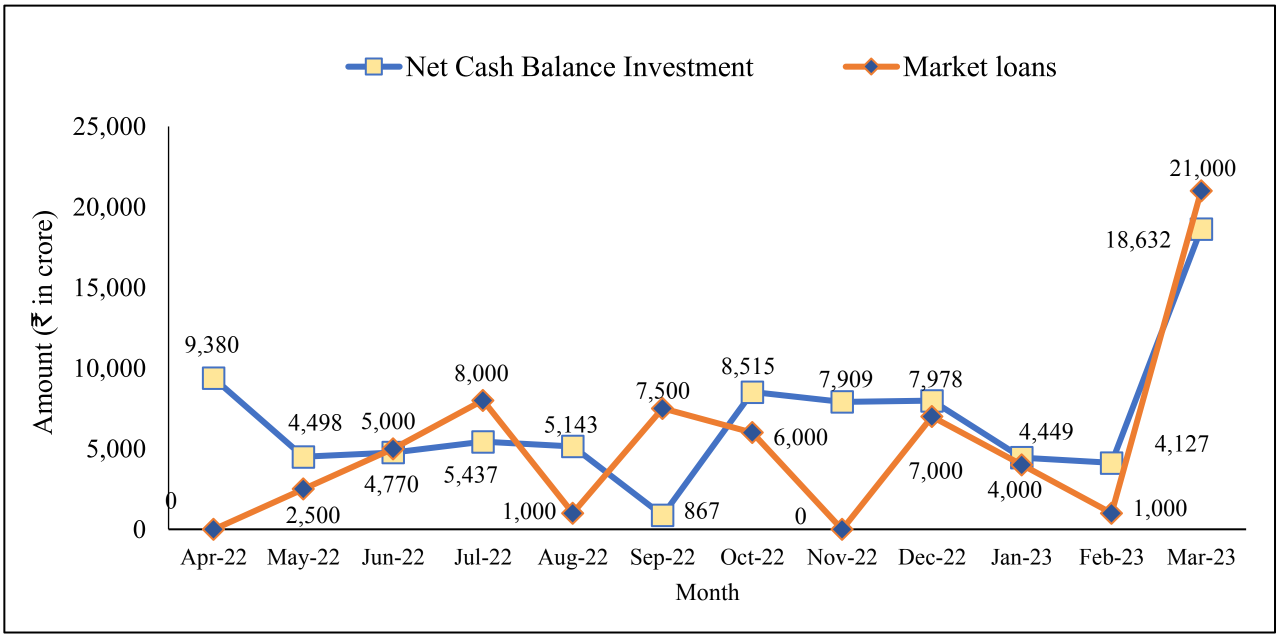
Chart 2.20: Market loans raised *vis-à-vis* Investments held in the Cash Balance Investment Account



Source: Finance Accounts

Chart 2.21 compares the month-wise Cash Balance Investment Account, with the market loans obtained by the State.

Chart 2.21: Month-wise movement of Cash Balances Investment account and market loans, during 2022-23



Source: Finance Accounts 2022-23 and figures given by the O/o The Accountant General (A&E), West Bengal

Chart 2.21 indicates that the State Government had taken recourse to market loans during the months of May, August, October, December, January and February in 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 account.

2.16 Salient Features

Table 2.40: Key Parameters

Positive Indicators	Parameters requiring close watch
Share of Capital Expenditure in the Total Expenditure increased to 8.97 *per cent* from 7.64 *per cent* in 2021-22.	Interest payments relative to Revenue Receipts, at 20.46 *per cent,* crossed the target of 19.75 *per cent* set out in the FPSS presented with the budget as per WBFRBM Act.
Revenue Deficit to GSDP decreased to 1.76 *per cent* from 2.35 *per cent* in 2021-22.	Percentage of Debt Repayment to Debt Receipts increased to 42.38 from 40.65 in 2021-22.
Fiscal Deficit to GSDP decreased to 3.20 *per cent* from 3.70 *per cent* in 2021-22.	Recovery of interest receipts against outstanding loans and advances from Statutory Corporations, Government Companies and Autonomous Bodies, decreased from ₹ 97 crore in 2021-22, to ₹ 49 crore in 2022-23, despite increase in the outstanding loans of these entities, from ₹ 16,106 crore to ₹ 17,150 crore, in the aforesaid period.
Debt to GSDP decreased to 37.63 *per cent* from 38.86 *per cent* in 2021-22.	
Committed expenditure to Revenue Receipts decreased to 63.89 *per cent* from 68.89 *per cent* in 2021-22.	

2.17 Conclusions

- The State had a revenue deficit of ₹ 27,295 crore, despite receipt of PDRD grants of ₹ 13,587 crore from the GoI, based upon the recommendations of the 15th FC.
- The returns from investments of ₹ 19,832 crore, as of 31 March 2023, in Companies/Corporations, were negligible (₹ 165 crore).
- The net debt available to the State, during 2022-23, from the Public Debt Receipts, after repayment of Public Debt and Interest Payment, decreased by 64.43 *per cent*, to ₹ 4,435 crore.
- The cash balance of the State, at the end of 2022-23, decreased by 1.73 *per cent*, to ₹ 32,039 crore.

2.18 Recommendations

1. *State Government may carry out regular and periodical monitoring of revenues which were in arrears and rationalize expenditure, in order to achieve a Revenue Surplus.*
2. *In the backdrop of reducing post-devolution revenue deficit grants, the State Government may take measures to augment its own revenue and/or reduce expenditure in order to maintain the revenue balance.*
3. *Capital expenditure may be increased significantly, for infrastructure creation, to provide stimulus for economic growth.*
4. *The Government may consider laying down a definitive plan/strategy for recovery of loans and advances.*
5. *State Government may keep the cash balance position in mind, while taking decisions on raising market loans.*

CHAPTER III

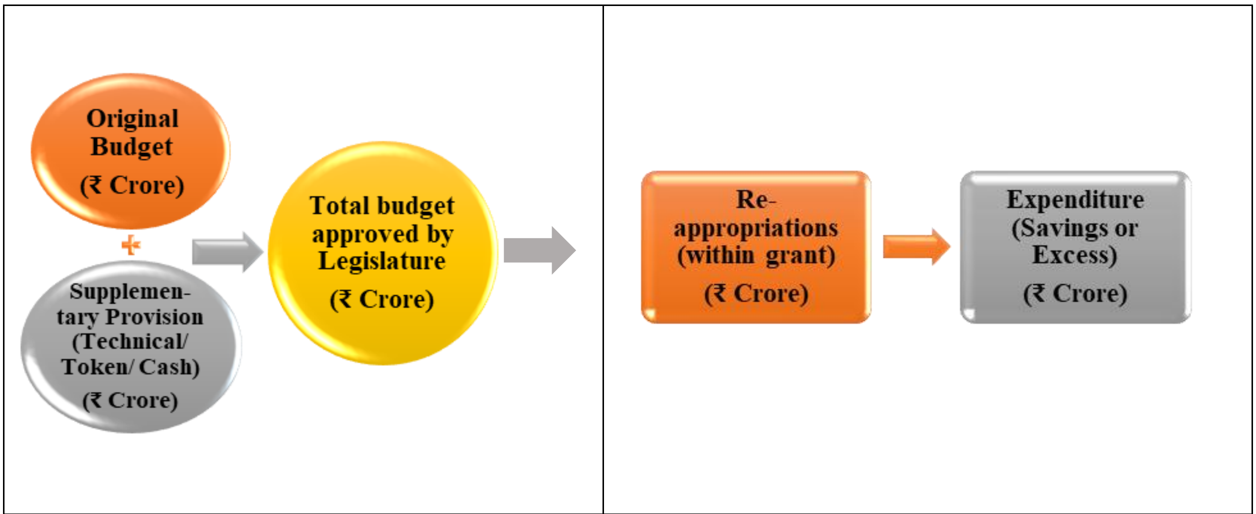
Budgetary Management

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 3.1**.

Chart 3.1: Various components of the Budget



Authorisation by the Legislature	Implementation by the Government

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 2022-23

	Total Budget Provision		Disbursements		Saving		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
	(₹ in crore)							
Revenue	2,07,545	40,623	1,84,761	40,521	26,108	175	3,325	73
Capital	36,637	60,506	23,535	29,804	13,767	30,702	665	0
Total	**2,44,182**	**1,01,129**	**2,08,296**	**70,325**	**39,875**	**30,877**	**3,990**	**73**

Source: Appropriation Accounts

Analysis of the budget provision, disbursements and savings/excess during 2022-23 revealed that:

- The Revenue (Voted) section had savings of 12.58 *per cent* (₹ 26,108 crore) in respect of 54 grants. This was mainly due to savings of ₹ 9,888 crore and ₹ 2,112 crore in Grant No. 40-Panchayats and Rural Development (BP: ₹ 23,611 crore) and Grant No. 68-Home & Hill Affairs (BP: ₹ 13,320 crore) which represented 41.88 and 15.86 *per cent* of the BP under those sections respectively.
  Schemes having cent *per cent* savings in the net grant in (i) 'Pradhan Mantri Awas Yojana – Rural (Central Share)' (₹ 4,040 crore) and (ii) 'National Rural Employment Guarantee Scheme (Central Share)' (₹ 3,613 crore) attributed to savings under Grant No. 40 while (iii) savings of ₹ 1,108 crore and ₹ 452 crore respectively in the scheme 'West Bengal Police' and 'CAPF related expenditure for conducting Elections in the State' which represented 17.25 and 95.76 *per cent* of the savings out of net grant attributed to savings under Grant No. 68.
- The Revenue (Charged) section had savings of 0.43 *per cent* (₹ 175 crore) in respect of 15 grants. This was mainly due to savings of ₹ 97 crore in Grant No. 34-Judicial which accounted for 30.41 *per cent* of the BP (₹ 319 crore) under this section. Major scheme which contributed to savings under this grant was 'High Courts Administrative Expenditure Appellate Side' (savings of ₹ 55 crore, representing 27.92 *per cent* of the Net Grant ₹ 197 crore).
- The Capital (Voted) section had savings of 37.58 *per cent* (₹ 13,767 crore) in respect of 47 grants. This was mainly due to savings of ₹ 1,849 crore and ₹ 1,580 crore in Grant No. 40-Panchayats and Rural Development (BP: ₹ 2,702 crore) and Grant No. 38-Minority Affairs and Madrasah Education (BP: ₹ 2,157 crore) which accounted for 68.43 and 73.25 *per cent* of the BP respectively under this section.
  Major schemes which contributed to savings were (i) 'Road Works under Pradhan Mantri Gram Sadak Yojana (PMGSY) (Central Share)' (savings of ₹ 1,149 crore being 76.96 *per cent* of the Net Grant of ₹ 1,493 crore) under Grant No. 40 and (ii) 'Scheme for Development and Welfare of Minorities' (savings of ₹ 470 crore being 81.46 *per cent* of the Net Grant of ₹ 577 crore) under Grant No. 38.
- The Capital (Charged) section had savings of 50.74 *per cent* (₹ 30,702 crore) in respect of 15 grants. This was mainly due to savings of ₹ 30,696 crore in Grant No. 18-Finance which accounted for 50.86 *per cent* of the BP (₹ 60,358 crore) under this section. The major scheme which contributed to savings under this grant was 'Ways and Means Advances from the RBI – Special' (savings of ₹ 20,000 crore which is 100 *per cent* of the Net Grant).
- The Revenue (Voted) section had excess of 1.60 *per cent* (₹ 3,325 crore) in respect of three grants. This was mainly due to excess of ₹ 2,708 crore in Grant No. 74-Women & Child Development and Social Welfare which accounted for 13.56 *per cent* of the BP (₹ 19,967 crore). Schemes which

represented significant excesses were (i) 'Lakshmir Bhandar' (₹ 917 crore being 12.84 *per cent* excess of the Net Grant: ₹ 7,142 crore) and (ii) 'Widow Pension Scheme under Jai Bangla' (₹ 642 crore being 116.73 *per cent* excess of the Net Grant: ₹ 550 crore).

- The Revenue (Charged) section had excess of 0.18 *per cent* (₹ 73 crore) in respect of five grants. Major scheme which contributed to excess under this section was 'Compensation Money payable to claimants on various grounds' (₹ 36 crore which is 94.74 *per cent* of the Net Grant: ₹ 38 crore) under Grant No 18.
- The Capital (Voted) section had excess of 1.82 *per cent* (₹ 665 crore) in respect of four grants. This was mainly due to excess of ₹ 650 crore in Grant No. 31- Information Technology & Electronics which accounted for 2,500 *per cent* of the BP (₹ 26 crore). The scheme which represented excess in this grant was 'Development and upgradation of infrastructure relating to Information Technology' (₹ 650 crore being 3,250 *per cent* excess of the Net Grant of ₹ 20 crore).

3.1.2 Charged and Voted disbursements

The Charged and Voted expenditure during 2018-23, as well as a trend analysis of the 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)					
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
2022-23	2,08,296	70,325	35,885	30,804	Nil	Nil

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

During 2018-23, the net savings, *vis-à-vis* the budget provisions 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 for voted and charged sections have been explained below.

Voted Section: Savings of (i) ₹ 818 crore in 'Nirmal Bharat Abhiyan' under Grant No. 40, (ii) ₹ 3,053 crore in 'Supply of rice to APL/BPL families in the TPDS at subsidised rate' under Grant No. 21, (iii) ₹ 1,732 crore in 'MGNREGA (Central Share)' under Grant No. 40 and (iv) ₹ 3,162 crore in 'Pradhan Mantri Awas Yojna – Rural (Central Share)' under Grant No. 40 during 2018-19, 2019-20, 2020-21 and 2021-22 respectively were the attributable reasons behind net savings under the voted section.

In the current year (2022-23), savings in the following schemes contributed to the net savings in the voted section.

- ‘Pradhan Mantri Awas Yojana – Rural (Central Share)’ (savings of ₹ 4,040 crore which is 100 *per cent* of the Net Grant) under Grant No. 40-Panchayats and Rural Development.
- ‘National Rural Employment Guarantee Scheme (MGNREGA) (Central Share)’ (savings of ₹ 3,613 crore which is 100 *per cent* of the Net Grant) under Grant No. 40.
- ‘West Bengal Police’ (savings of ₹ 1,108 crore which is 17.25 *per cent* of the Net Grant of ₹ 6,423 crore) under Grant No. 68-Home and Hill Affairs.

Charged Section: Major savings in the charged section occurred due to savings of (i) ₹ 2,215 crore in the scheme ‘Interest on Market Loans: 8.00% West Bengal Loan (New Loan)’, (ii) ₹ 10,610 crore in the scheme ‘Ways and Means Advances from the RBI-Special’ and (iii) ₹ 16,807 crore in the scheme ‘Ways and Means Advances from the RBI-Special’ under Grant No. 18-Finance during 2019-20, 2020-21 and 2021-22 respectively.

In the current year also, high percentage of savings in this section was largely driven by the Finance Department (₹ 30,696 crore), reasons for which are discussed below.

- In the scheme ‘Ways and Means Advances from the RBI-Special’, there was no expenditure against the budget provision of ₹ 20,000 crore, leading to 100 *per cent* savings of Net Grant.
- In the scheme ‘Ways and Means Advances from the RBI-Normal’, there was no expenditure against the budget provision of ₹ 5,000 crore, leading to 100 *per cent* savings of Net Grant.
- In the scheme ‘Ways and Means Advances from the RBI-Overdraft’, there was no expenditure against the budget provision of ₹ 5,000 crore, leading to 100 *per cent* savings of Net Grant.

During 2018-19, the 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 that had been 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) was 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 145 new schemes covering 32 grants, expenditure amounting to ₹ 2,084.12 crore had been incurred, without budget provision (**Table 3.3**).

Table 3.3: Summary of Expenditure without Budget Provision

Grant/Appropriation	Expenditure incurred (₹ in crore)	Number of Schemes involved
5	0.05	01
6	9.66	04
7	11.16	03
10	0.05	01
11	19.40	04
15	0.11	01
16	2.50	02
18	128.04	12
20	5.69	04
21	229.61	02
22	0.82	03
23	7.83	06
24	509.62	42
30	0.46	03
31	5.45	07
32	10.50	01
33	0.61	02
34	0.69	01
37	0.87	01
38	0.16	01
42	115.20	04
45	0.06	01
50	0.45	01
52	16.43	01
53	64.38	06
68	5.93	05
69	1.95	02
70	2.50	02
72	39.73	04
73	0.38	03
74	893.76	14
75	0.07	01
Total	**2,084.12**	**145**

Source: Appropriation Accounts

In the following major schemes, expenditure (₹ 200 crore and above) had been incurred without budget provision:

- Umbrella ICDS-Anganwadi Services under Saksham Anganwadi and POSHAN 2.0(60:40) (Central Share) (₹ 271.15 crore) under Grant No. 74- Women & Child Development and Social Welfare;
- Assistance to State Agencies for Intra-State movement of Food grains and FPS Dealers Margin under NFSA (4048) (Central Share) (₹ 226.32 crore) under Grant No 21- Food & Supplies; and
- Establishment Charges of Saksham Anganwadi and POSHAN 2.0 (erstwhile ICDS) (₹ 201.26 crore) under Grant No. 74- Women & Child Development and Social 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 an amount of ₹ 3,231.57 crore had been incorrectly booked as Capital Expenditure, instead of Revenue Expenditure, as shown in **Table 3.4.**

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.	Water Supply Project including House Service connection under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) (Demand No. 72)	4217	2217	25.00
2.	Construction of boundary wall surrounding Graveyards/Idgah/Mazar, etc. for Minority	4225	2225	32.67
3.	Development of Wakf Properties	4225	2225	0.61
4.	Development of Aliah University	4225	2225	8.01
5.	Development of Universities	4202	2202	56.33
6.	Assistance to West Bengal University of Animal and Fishery Sciences	4403	2415	1.75
7.	Road works under PMGSY	4515	3054	572.87
8.	Various expenses under the scheme- AMRUT	4217	2217	2,280.65
9.	Implementation of Strengthening and extending Electricity Distribution Network Phase III	4801	2801	20.00
10.	High Voltage Distribution System Project	4801	2801	122.48
11.	Tourism Infrastructure Development, Mobilisation/other Advance and different construction works	4235	2235	1.89

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
12.	Fund given to several Zilla Parishads for construction of road works under different RIDF Schemes	4515	2515	45.25
13.	Grant to WBTDCL for construction and renovation of several Tourist Lodges	5452	3452	11.76
14.	AMC of entire electrical installation & Refilling of different tube of fire extinguisher at both residential, non-residential of Main building & Circuit Bench of Calcutta High Court respectively and office furniture for new hostel building at Institute of Fire Service, WBF&ES	4059	2059	0.37
15.	Medical & para-medical equipments and surgical items	4210	2210	4.68
16.	Payment made for human resource support and to the project manager consultant of WBMIFMP for remuneration	4700	2700	10.53
17.	Payment against the work of consultancy services from NGO under WBADMIP project & Remuneration of contractual staff of DPMU, MSD	4702	2702	0.12
18.	Surfacing works in several roads	5054	3054	35.06
19.	Paying of studying of institutional strengthening and business planning for transport deptt, WB & fuel charges of cars in c/w world bank supported WBIWTLSDP	5056	3056	1.53
	Total			**3,231.57**

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

Due to the above misclassifications, revenue deficit had been understated by ₹ 3,231.57 crore, as discussed in **Table 1.8** and **Para 2.9**. Of this amount, ₹ 3,179.27 crore[62] had been 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. In respect of 32 grants, supplementary provision amounting to ₹ 8,773 crore proved unnecessary since actual expenditure (₹ 2,12,551 crore) remained less than the original provision (₹ 2,65,698 crore). Unnecessary supplementary grants (₹ 100 crore or more in each case) provided during 2022-23, 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.	24-Health & Family Welfare	15,338.06	797.58	16,135.64	14,678.45	1,457.19
2.	40-Panchayats and Rural Development	22,468.10	1,142.70	23,610.80	13,723.07	9,887.73
3.	68-Home and Hill Affairs	11,684.10	1,636.33	13,320.43	11,208.04	2,112.39
	Total	**49,490.26**	**3,576.61**	**53,066.87**	**39,609.56**	**13,457.31**

[62] From Sl. No. 1 to 13

Sl. No.	Name of the Grant	Original provision	Supple-mentary Provision	Total Provision	Actual Expendi-ture	Savings out of Provision
Capital (Voted)						
4.	24-Health &Family Welfare	2,263.99	138.20	2,402.19	2,181.06	221.13
5.	43-Power	1,852.36	211.98	2,064.34	1,345.41	718.93
	Total	**4,116.35**	**350.18**	**4,466.53**	**3,526.47**	**940.06**
	Grand Total	**53,606.61**	**3,926.79**	**57,533.40**	**43,136.03**	**14,397.37**

Source: Appropriation Accounts

It can be seen from **Table 3.5** that, in all five cases, the actual expenditure was less than the original provisions and hence the supplementary provisions were unnecessary. Further, supplementary provisions of ₹ 3,577 crore, and ₹ 350 crore proved unnecessary, in respect of three grants under Revenue (Voted) and two grants under Capital (Voted) sections, respectively. As the actual expenditure was only 80.47 *per cent* of the original provision, there was no need to augment the funds through supplementary provision. Thus, the supplementary provision of ₹ 3,927 crore (7.33 *per cent* of the original provision) proved unnecessary.

Such provisioning of Supplementary Grant where Original Grant remained unutilised, indicates inflated budgeting.

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. 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 2022-23, there was re-appropriation amounting to ₹ 1,197 crore, in respect of 583 sub-heads, constituting 52 grants. However, despite re-appropriation, there were savings of ₹ 5,287 crore in respect of 375 sub-heads and excess of ₹ 1,946 crore in respect of 102 sub-heads. Audit scrutiny further revealed that there were 29 cases of savings (₹ 372.23 crore) and two cases of excess expenditure (₹ 11.30 crore), even after re-appropriation, on the last working day.

The lapses noticed in re-appropriation cases, are discussed in subsequent paragraphs.

3.3.5 Unnecessary, excessive or insufficient re-appropriation

- In 37 grants, re-appropriation amounting to ₹ 200 crore proved unnecessary, in respect of 135 sub-heads.
- In 25 grants, re-appropriation amounting to ₹ 115 crore proved excessive, in respect of 49 sub-heads.
- In 27 grants, re-appropriation amounting to ₹ 224 crore proved insufficient, in respect of 75 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 deprive other departments of funds which they could have utilised. During 2022-23, of the total savings of ₹ 70,752 crore, only ₹ 3,682 crore (5.20 *per cent* of savings) was surrendered, leaving a balance of ₹ 67,070 crore. Again, of the surrendered amount, ₹ 172 crore (4.67 *per cent*) was surrendered on the last day of the financial year.

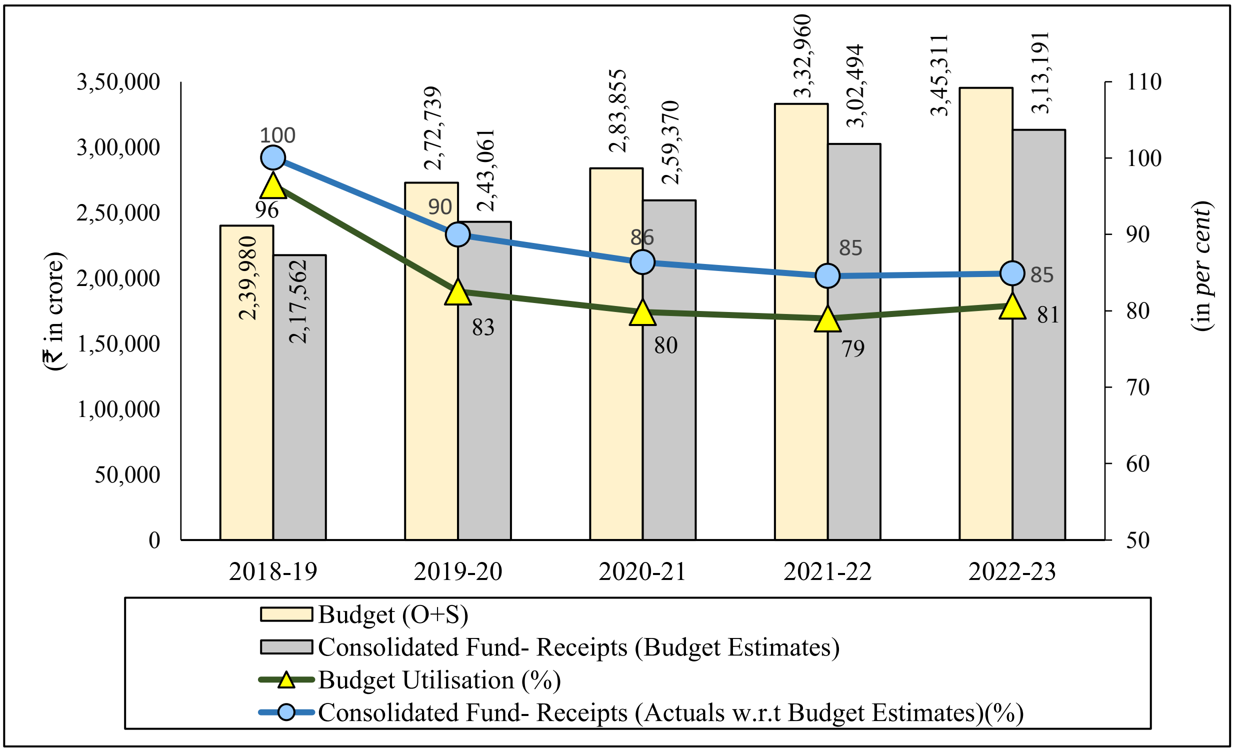
Out of savings of ₹ 58,200 crore, in respect of 11 grants, having total savings exceeding ₹ 1,000 crore each, only ₹ 2,757 crore was surrendered (4.74 *per cent*), leaving a balance of ₹ 55,443 crore.

- In Grant No. 15 – School Education, under Revenue (Voted) section, the surrendered amount (₹ 654 crore) exceeded the savings (₹ 567 crore) by ₹ 87 crore (15.34 *per cent*).
- In Grant No. 72 – Urban Development and Municipal Affairs, under Capital (Voted) section, the surrendered amount (₹ 1,868 crore) exceeded the savings (₹ 191 crore) by ₹ 1,677 crore (878.01 *per cent*).
- In Grant No. 43 – Power, under Revenue (Voted) section, ₹ 1 crore was surrendered despite excess expenditure of ₹ 8 crore.
- In Grant No. 70 – Higher Education, under Revenue (Voted) section, ₹ 6 crore was surrendered despite excess expenditure of ₹ 609 crore.
- Again, in Grant No. 74 – Women & Child Development and Social Welfare, under Revenue (Voted) section, ₹ 2 crore was surrendered despite excess expenditure of ₹ 2,708 crore.

The total unsurrendered savings (94.80 *per cent*), as well as excess surrenders over savings and surrenders in spite of excess expenditure, were indicative of ineffective budgetary control.

Budget Utilisation and actuals, with respect to Budgeted Receipts in the Consolidated Fund, during 2018-19 to 2022-23, are shown in **Chart 3.2**.

Chart 3.2: Budget Utilisation during 2018-19 to 2022-23



Source: Appropriation Accounts, Finance Accounts and Budget Publications

Budgetary allocations during 2018-23 increased at a CAGR of 9.52 *per cent*, while budgeted receipts in Consolidated Fund increased at a CAGR of 9.54 *per cent*. Utilisation of the budget, in the period mentioned *ibid*, kept decreasing from 2018-19 to 2021-22, whereas, in the current financial year, the budget utilisation was two *per cent* higher than the last financial year. The percentage of actual receipts, with respect to the budgeted receipts, also kept decreasing from 2018-19 to 2021-22 and remained same in 2022-23, in comparison to the previous financial year. In the current year, 19 *per cent* of the budget allocation remained un-utilised whereas shortfall in budgeted receipts remained at 15 *per cent*.

During the year 2022-23, 81.56 *per cent* of the total provisions[63] had been utilised (***Appendix 3.1***). Such shortfall in respect of budgeted receipts to the Consolidated Fund and high percentage of budgetary provisions remaining unutilised in the current year, indicates lacunae in the budget preparation process.

3.3.7 Excess expenditure and its regularisation

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

[63] Total Provision = Original Provision *plus* Supplementary Provision *minus* Surrender

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 2022-23, in 12 grants, excess expenditure of ₹ 4,063 crore over provisions, was yet to be regularised, as of December 2023 (**Table 3.6**).

Table 3.6: Summary of excess disbursements over grants/appropriations during 2022-23

(₹ in crore)

Sl. No.	Grant number- Name of Department	Revenue		Capital		Total
		Voted	Charged	Voted	Charged	
1.	01-Legislative Assembly Secretariat	-	0.06	-	-	0.06
2.	10-Consumer Affairs	-	-	5.89	-	5.89
3.	18-Finance	-	72.60	-	-	72.60
4.	31-Information Technology & Electronics	-	-	649.92	-	649.92
5.	32-Irrigation & Waterways	-	0.01	-	-	0.01
6.	34-Judicial	-	-	8.83	-	8.83
7.	42-Personnel & Administrative Reforms	-	0.10	-	0.14	0.24
8.	43-Power	8.02	-	-	-	8.02
9.	45-Public Health Engineering	-	0.01	-	-	0.01
10.	70-Higher Education	608.87	-	-	-	608.87
11.	74-Women & Child Development and Social Welfare	2,708.04	-	-	-	2,708.04
12.	78-Non-Conventional and Renewable Energy Sources	-	-	0.13	-	0.13
Total		**3,324.93**	**72.78**	**664.77**	**0.14**	**4,062.62**

Source: Appropriation Accounts

3.3.7.1 Persistent excess expenditure

Cases of excess expenditure are reported every year through Audit Reports on State Finances. There were, however, two grants, in which excess expenditure had occurred persistently during the last three years, details of which are given in **Table 3.7**.

Table 3.7: Persistent excess expenditure

Sl. No.	Number and name of the Grant	Amount of Excess (₹ in crore)		
		2020-21	2021-22	2022-23
Revenue Voted				
1.	43-Power	134.04	128.84	8.02
2.	70-Higher Education	303.46	62.13	608.87

Source: Appropriation Accounts

Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the House of the People/State Legislative Assembly, and, therefore, need to be viewed seriously.

3.3.7.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. In 52 grants, excess expenditure of ₹ 48,953 crore pertaining to the years 2009-22 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[64] regularisation of excess expenditure, under both voted grants and charged appropriations, for the financial years 2009-14. However, Government was yet to take step to regularise the excess expenditure pertaining to the years 2009-22 as of October 2023.

Thus, the expenditure of ₹ 53,016 crore[65] remained un-regularised indicating violation of the Article 205(1)(b) of the Constitution. The above instances also 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. Grants-in-aid are given for specified purpose of supporting an institution including creation of assets.

As per IGAS 2, Grants-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 3.8**.

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

[65] ₹ 48,953 crore pertaining to the years 2009-22 *plus* ₹ 4,063 crore during 2022-23

Table 3.8: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
GIA booked as Capital Expenditure	4,734	322	1,114	1,562	3,179
Total Capital Expenditure	23,717	15,971	13,034	17,484	22,009
Share of GIA in Capital Expenditure (in *per cent*)	19.96	2.02	8.55	8.93	14.44
Impact on Revenue Deficit (RD) (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	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.	RD (₹ 27,295 cr.) understated by ₹ 3,179 cr.

Source: Finance Accounts of respective years

Table 3.8 shows that, due to booking of Grants-in-aid as Capital Expenditure, ranging between ₹ 322 crore and ₹ 4,734 crore during 2018-23, the Revenue Deficits had been 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 deprive other departments of the funds which they could have utilised. A summarised position of Actual Expenditure *vis-à-vis* Budget (Original/Supplementary) provisions, during the financial year, is given in **Table 3.9**.

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

Nature of expenditure		Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	Per cent
		(₹ in crore)						
		(A)	(B)	(C)=(A+B)	(D)	(E)=(C-D)	(F)	*(G)=(F/E)*100*
Voted	I. Revenue	1,88,562	18,982	2,07,544	1,84,761	22,783	711	3.12
	II. Capital	33,741	1,357	35,098	22,790	12,308	192	1.56
	III. Loans & Advances	1,158	201	1,359	565	794	Nil	Nil
Total		**2,23,461**	**20,540**	**2,44,001**	**2,08,116**	**35,885**	**903**	**2.52**
Charged	I. Revenue	39,705	919	40,624	40,521	103	Nil	Nil
	II. Capital	1	37	38	36	2	Nil	Nil
	III. Public Debt-Repayment	60,401	67	60,468	29,768	30,700	Nil	Nil
Total		**1,00,107**	**1,023**	**1,01,130**	**70,325**	**30,805**	Nil	Nil
Appropriation to Contingency Fund		**Nil**	**180**	**180**	**180**	**Nil**	Nil	Nil
Grand Total		**3,23,568**	**21,743**	**3,45,311**	**2,78,621**	**66,690**	**903**	**1.35**

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

Table 3.9 shows that net savings (₹ 66,690 crore) were 19.31 *per cent* of the total provision. Out of the 6,202 schemes, variations in the form of savings or excess occurred in 5,972 schemes (96.29 *per cent*). However, explanations in respect of 164 schemes (2.75 *per cent*), only have been received. Non-receipt of explanations violates the basic norms approved by the PAC of the West Bengal Legislature, adopted for comments on the Appropriation Accounts.

During 2022-23, in five schemes (₹ 50 crore or more) ₹ 1,203 crore was allotted through supplementary provision, but 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 2022-23, in 42 grants, constituting 222 sub-heads, the entire expenditure had been incurred in the month of March 2023. Out of this, in five grants, constituting six sub-heads (₹ 50 crore and above), 100 *per cent* expenditure had been incurred in the month of March 2023 (**Table 3.10**).

Table 3.10: Sub-Head (Schemes) where entire expenditure was incurred in March 2023 (₹ 50 crore and above)

Sl. No.	Grant No.	Head of Account (up to Sub-head)	100 *per cent* expenditure in March 2023 (₹ in crore)
1.	31	4859-01-004-001 Development and upgradation of infrastructure relating to information technology [IT]	669.92
2.	21	2408-01-101-005 Assistance to State Agencies for Intra-State movement of Food grains and FPS dealers Margin under NFSA (4048) (Central Share)	226.32
3.		2408-01-101-006 Assistance to State Agencies for Intra-State movement of Food grains and FPS dealers Margin under NFSA (4048) (Central Share) (OCASPS) [FS]	226.32
4.	74	2235-02-102-101 Transfer of salary & wages under Saksham Anganwadi and POSHAN 2.0 to SNA (25:75) (State share)	90.00
5.	07	2225-03-277-015 Post Matric Scholarship for OBC, EBCs and DNTs-PMYASASVI (Central Share) (State Share) (OCASPS) [SC]	65.22
6.	53	5075-60-001-002 Construction of Jetty	62.04

Source: VLC Data

Table 3.11 shows that, in three grants, more than 50 *per cent* of the total expenditure had been incurred in the month of March 2023.

Table 3.11: Grant with more than 50 *per cent* of expenditure in March 2023 alone

Sl. No.	Grant No.	Description	Total Expenditure	Expenditure in March 2023	Expenditure in March as a percentage of total expenditure
			(₹ in crore)		
1.	31	Information Technology & Electronics	758.34	717.63	94.63
2.	78	Non-Conventional and Renewable Energy Sources	16.66	12.34	74.07
3.	58	Paschimanchal Unnayan Affairs	186.31	119.14	63.95

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 2020-23, two grants, viz., Higher Education Department (Grant No. 70) and Women & Child Development and

Social Welfare Department (Grant No. 74), were selected for detailed audit scrutiny. Audit findings, in this regard, are discussed below.

3.5.1 Grant No. 70: Higher Education Department

- ***Budget and Expenditure***

Against the budget allocation of ₹ 5,822 crore, the actual expenditure during 2022-23 was ₹ 6,168 crore, leading to excess expenditure of ₹ 346 crore (5.94 *per cent*). Details of budgetary provisions, actual expenditure, and savings/excess in this grant, during 2020-23, are shown in **Table 3.12**.

Table 3.12: Budget provision *vis-à-vis* Expenditure during 2020-23

Section	2020-21			2021-22			2022-23		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	4,290	4,593	(+) 303 (7.06%)	5,616	5,678	(+) 62 (1.10%)	5,460	6,069	(+) 609 (11.15%)
Capital	314	80	(-) 234 (74.52%)	383	79	(-) 304 (79.37%)	362	99	(-) 263 (72.65%)

B: Budget; E: Expenditure; S/E: Savings (-)/Excess (+)
Source: Appropriation Accounts of Government of West Bengal (2020-21 to 2022-23)

In the Revenue section, the 11 *per cent* excess was mainly due to excess expenditure of ₹ 1,008 crore under the scheme 'West Bengal Government Merit-cum-Means Scholarship'. In the Capital section, the 73 *per cent* savings were mainly due to the unutilized provision of ₹ 67 crore under the scheme 'Development of Universities'.

- ***Substantial savings under the Schemes during the year 2022-23***

As per Rule No. 334 of the WBFR, each Budgeting Authority will be responsible for the correct preparation of the estimates (both for budget and supplementary estimate) in respect of the receipts and expenditure with which he is concerned.

Further, as per Rule No. 340 of WBFR, in case of fluctuating items of expenditure, neither the actual of the previous year, nor the progress of actual of the current year, should be used as the only guide, but due consideration should be given to exceptional circumstances of the previous years and special features of the current year.

Scrutiny revealed that, during the year 2022-23, in nine cases, savings exceeded ₹ one crore and 50 *per cent* of the net grant (**Table 3.13**).

Table 3.13: Savings exceeding ₹ 1 crore and 50 *per cent* of the net grant during 2022-23

Sl. No.	Year	Head of Account	Purpose	Net Grant (₹ in crore)	Expenditure (₹ in crore)	Savings (% of savings w.r.t. Net Grants)
1.	2022-23	4202-01-203-V-003	Development of Hooghly Mohsin College, Hooghly (Higher)	3.15	0.00	3.15 (100.00)
2.		4202-03-800-V-009	Assistance to WBCHE	10.50	0.00	10.50 (100.00)
3.		4202-01-203-V-002	Development of Darjeeling Government College, Darjeeling (Higher)	5.25	0.10	5.15 (98.10)
4.		4202-01-203-V-004	Development of other Government Colleges (Higher)	49.05	6.93	42.12 (85.87)
5.		4202-01-203-V-005	Establishment of new Government Colleges (Higher)	57.25	3.07	54.18 (94.64)
6.		4202-01-203-V-006	Development of Govt. B.Ed. Colleges (Higher)	5.25	0.18	5.07 (96.57)
7.		4202-04-104-V-001	Development of State Archives (Higher)	5.20	0.92	4.28 (82.31)
8.		4202-80-001-V-001	Strengthening of Education Administration (Higher)	9.37	0.83	8.54 (91.14)
9.		4202-01-203-V-020	Development of New Universities and Higher Education [HE]	10.00	0.00	10.00 (100.00)

Source: VLC data

- ***Unutilised Supplementary grant led to increase in savings***

It was noticed that ₹ 10 crore was allotted, during the year 2022-23, as supplementary budget, under the scheme "Development of New Universities and Higher Education under head of account '4202-01-203-V-020", but no expenditure was incurred thereagainst, which resulted in savings of the total amount.

- ***Excess Expenditure over Budget Provision***

In course of scrutiny of the Budget documents, sub-head accounts and Appropriation Accounts it was observed that, during 2022-23, in five cases, the excess expenditure had either exceeded ₹ one crore or was more than 50 *per cent* of the net budget provision (**Table 3.14**).

Table 3.14: Excess expenditure exceeding ₹ 1 crore or 50 *per cent* of the net grant

Sl. No	Year	Head of Account	Purpose	Net Grant (₹ in crore)	Expenditure (₹ in crore)	Excess Exp. (% of Excess Exp w.r.t. Net Grants)
1.	2022-23	2202-80-107-V-019	West Bengal Government Merit-cum-Means Scholarship [HE]	500.00	1,508.40	1,008.40 (201.68)
2.		2202-03-104-V-001	Assistance to Non-Govt. College and Institutes	2,550.62	2,586.08	35.46 (1.39)
3.		2202-03-103-V-009	Government Colleges and Institutes	309.31	323.28	13.97 (4.52)
4.		2203-00-112-V-015	New Engineering College at Purulia	5.22	6.50	1.28 (24.52)
5.		2202-03-800-V-014	Assistance to West Bengal Council of Higher Education	0.28	0.53	0.25 (89.29)

Source: VLC data

- ***Persistent Savings***

In respect of four schemes, savings exceeding ₹ 30 crore were consistently noticed from 2020-21 to 2022-23, details of which are shown in **Table 3.15**.

Table 3.15: Persistent savings occurred during the last three years (2020-23)

Sl. No.	Year	Head of Account	Purpose	Net Budget (₹ in crore)	Expenditure (₹ in crore)	Savings (₹ in crore)
1.	2020-21	4202-02-105-V-001	Development of Engineering Colleges-(Higher) [HE]	59.00	10.14	48.86
	2021-22			72.00	10.95	61.05
	2022-23			75.60	27.89	47.71
2.	2020-21	4202-01-203-V-004	Development of other Government Colleges (Higher)	50.86	12.01	38.85
	2021-22			61.00	11.78	49.22
	2022-23			49.05	6.93	42.12
3.	2020-21	4202-03-102-V-002	Development of Universities [HE]	128.00	38.29	89.71
	2021-22			140.80	42.92	97.88
	2022-23			122.84	56.33	66.51
4.	2020-21	4202-01-203-V-005	Establishment of new Government Colleges (Higher)	49.82	14.03	35.79
	2021-22			64.05	8.27	55.78
	2022-23			57.25	3.07	54.18

Source: Appropriation Accounts

- ***Rush of Expenditure***

It was observed that, in four object heads (detail head), expenditure in the month of March of the financial year 2022-23, had exceeded ₹ one crore and 25 *per cent* of the total expenditure, leading to rush of expenditure (details in **Table 3.16**).

Table 3.16: Rush of expenditure exceeding ₹ 1 crore and 25 *per cent* compared to the total expenditure

Sl. No.	Detailed Head	Detailed Head Description	Total Expenditure (₹ in crore)	Expenditure in March (₹ in crore)	In *per cent*
1.	33	Subsidies	1.70	1.50	88.24
2.	34	Scholarships & Stipends	1,508.40	1,049.10	69.55
3.	78	Outsourcing of Services	5.08	2.21	43.50
4.	50	Other charges	8.98	2.40	26.73

Source: VLC data

The Higher Education Department did not furnish replies to the audit observations (August 2023), though called for.

3.5.2 Grant No. 74: Women & Child Development and Social Welfare Department

- ***Budget and Expenditure***

Against the budgetary allocation of ₹ 20,252 crore, the actual expenditure during 2022-23 was ₹ 22,864 crore, leading to excess expenditure of ₹ 2,612 crore (12.90 *per cent*). Details of budgetary provisions, actual expenditure, and savings/excess in this grant, during 2020-23, are shown in **Table 3.17**.

Table 3.17: Budget provision *vis-à-vis* Expenditure incurred during 2020-23

Section	2020-21			2021-22			2022-23		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	5,671	4,636	(-) 1,035 (18.25%)	18,139	15,270	(-) 2,869 (15.82%)	19,967	22,675	(+) 2,708 (13.56%)
Capital	2,005	1,288	(-) 717 (35.76%)	336	91	(-) 245 (72.92%)	285	189	(-) 96 (33.68%)

***B**: Budget; **E**: Expenditure; **S/E**: Savings (-)/Excess (+)*
Source: Appropriation Accounts of Government of West Bengal (2020-21 to 2022-23)

Under the Revenue section of the grant, there were savings of 18 and 16 *per cent* during 2020-21 and 2021-22, respectively, which converted to excess expenditure of 14 *per cent* in 2022-23. This occurred mainly due to excess expenditure of ₹ 917 crore and ₹ 642 crore, respectively, under the schemes '*Lakshmir Bhandar*' and '*Widow Pension under Jai Bangla*'. The Capital section of the grant, during 2022-23, registered savings of 34 *per cent*, mainly due to the unutilized provision of ₹ 79 crore in the scheme 'Special repair & renovation of Government homes and buildings'.

- ***Excess Expenditure over Budget Provision***

Year-wise excess expenditure, exceeding ₹ 100 crore or 10 *per cent* over the budget provision, is shown in **Table 3.18**.

Table 3.18: Excess expenditure over budget provision

Sl. No.	Head of Account	Name of Scheme	Budget Provision	Actual Expenditure	Excess Expenditure (in *per cent*)
			(₹ in crore)		
Year: 2022-23					
1.	2235-02-103-073	Widow Pension Scheme under Jai Bangla	550.16	1,191.77	641.61 (116.62%)
2.	2235-02-789-073		195.95	396.11	200.16 (102.15%)
3.	2235-02-104-028	Old Age Pension Scheme under Jai Bangla	1,000.74	1,380.08	379.34 (37.91%)
4.	2235-02-102-095	Umbrella ICDS-Anganwadi services under Saksham Anganwadi and Poshan 2.0 (60:40) (Central Share) (OCASPS)[WC]	81.92	346.92	265.00 (323.49%)
5.	2235-02-102-096		38.48	234.31	195.83 (508.91%)
6.	2235-02-102-099	Establishment charges of Saksham Anganwadi and Poshan 2.0 (erstwhile ICDS)	Nil	291.22	291.22
7.	2235-02-103-076	Lakshmir Bhandar	7,142.00	8,059.26	917.26 (12.84%)
8.	2235-02-789-078		2,945.00	3,177.75	232.75 (7.90%)
Total			**11,954.25**	**15,077.42**	**3,123.17 (26.13%)**
Year: 2021-22					
9.	2235-02-103-073	Widow Pension Scheme under Jai Bangla	170.00	336.74	166.74 (98.08%)

Sl. No.	Head of Account	Name of Scheme	Budget Provision	Actual Expenditure	Excess Expenditure (in *per cent*)
			(₹ in crore)		
10	2235-02-104-028	Old Age Pension Scheme under Jai Bangla	200.00	726.06	526.06 (263.03%)
11	2235-02-789-074		80.00	263.31	183.31 (229.14%)
12	2235-02-102-020	Establishment of I.C.D.S. Project	120.00	678.25	558.25 (465.21%)
13	2235-02-789-016	Establishment of I.C.D.S. Project	80.00	241.70	161.70 (202.13%)
14	2235-02-103-068	Implementation of Rupashree Prakalpa	412.60	572.91	160.31 (38.85%)
Total			**1,062.60**	**2,818.97**	**1,756.37 (165.29%)**
Year: 2020-21					
15	2235-02-103-073	Widow Pension Scheme under Jai Bangla	0.00	195.65	195.65
16	2235-02-104-028	Old Age Pension Scheme under Jai Bangla	0.00	416.01	416.01
17	2235-02-789-074		0.00	133.80	133.80
18	2235-02-101-039	Implementation of Manabik Scheme	152.00	252.23	100.23 (65.94%)
19	2235-02-102-026	ICDS (Central Share) (WC)	411.08	664.30	253.22 (161.60%)
20	2235-02-102-020	Establishment of I.C.D.S. Project	418.81	682.10	263.28 (62.86%)
Total			**981.89**	**2,344.09**	**1,362.19 (138.73%)**

Source: Sub-heads of accounts

The Office of the AG (A&E) WB, periodically issues warning slips in regard to those cases where the cumulative expenditure, in any sub-head of accounts, exceeds the provision. During 2022-23, the warning slips issued upto February 2023, in respect of five schemes, had however, not elicited any corrective actions by the Department.

The Department replied (July 2023) that the following underlying reasons were attributable to the excess expenditure:

(i) **Old age pension and widow pension:** Enhancement of quota in various phases during the last three years, based on applications received at '*Duare Sarkar*[66]' camps

(ii) **Saksham Anganwadi and Poshan 2.0 (erstwhile ICDS):** Increase in the number of beneficiaries under the RTE[67] act and increased cost of food grains

[66] An initiative of the Government of West Bengal for delivery of specific schemes of the State Government at the doorsteps of the people through outreach camps organized at the level of Gram Panchayat and Municipal Ward levels.

[67] Right to Education

(iii) Lakshmir Bhandar: Increasing number of beneficiaries.

- ***Unnecessary and Unjustified Re-Appropriation***

It was noticed that, during 2020-21 to 2022-23, enhancement of provision through re-appropriation in 14 cases[68] had proved unnecessary. Two instances are elaborated below.

During 2020-21, in the scheme "Implementation of Rupashree Prakalpa", ₹ 0.01 crore was enhanced through Re-appropriation, though the actual expenditure of ₹ 206.25 crore was far less than the net budget provision of ₹ 382.48 crore. This resulted in savings of ₹ 176.24 crore and, thus, Re-appropriation proved un-necessary.

Further, during 2022-23, in the "Old Age Pension Scheme under Jai Bangla", the budget provision had got reduced to ₹ 1,000.74 crore after curtailment of provision (₹ 0.16 crore) through Re-Appropriation. This reappropriation proved unjustified, since there was excess expenditure of ₹ 379.34 crore against the reduced provision.

- ***Unjustified Supplementary Provisions***

Audit observed that, during 2020-21 to 2022-23, supplementary provisions proved unnecessary in eight cases under the Revenue-Voted segment and in one case under the Capital-Voted segment. An illustration is given below.

During 2021-22, supplementary provision amounting to ₹ 19.57 crore proved unjustified in the "*Lakshmir Bhandar*" scheme since the actual expenditure being ₹ 4,074.27 crore, remained below the original budget provision of ₹ 7,000 crore.

- ***'Nil' expenditure against the Budget Provision***

During 2020-23, in six schemes[69], there was 'Nil' expenditure, despite budget provisions. For instance, in the scheme 'National Action Plan for Drug Demand Reduction', there was 'Nil' expenditure during 2020-21, 2021-22 and 2022-23, despite having budget provisions of ₹ 2.20 crore, ₹ 1.35 crore and ₹ 1.42 crore, respectively.

- ***Short surrender of savings***

Rule 384 of the West Bengal Financial Rules 1979, stipulates that the Departmental Controlling Officer or Disbursing Officer at whose disposal the grant is placed, should keep himself informed of such circumstances as may affect the progress of expenditure, in order to take early steps for obtaining supplementary grants or surrendering any probable savings as may be necessary.

Scrutiny of net grant statements revealed that, during 2022-23, in the following four head of accounts under '*Kanyashree Prakalpa*', expenditure remained below the budget provision, leading to savings of ₹ 291.21 crore. However,

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[68] Six numbers of cases in the FY 2020-21, four numbers of cases each in the FYs 2021-22 and 2022-23

[69] (i) State Advisory Board for Juvenile Justice, (ii) National Mission for Empowerment of Women including Indira Gandhi Matritav Sahyog Yojana (Central Share), (iii) National Mission for Empowerment for Women including Indira Gandhi Matritav Sahyog Yojana (State Share), (iv) Vocational Training for Girls and Women in Government Home, (v) National Action Plan for Drug Demand Reduction & (vi) Scheme for prevention and control of Juvenile Social Mal-adjustment

only a negligible portion (₹ 0.78 crore; 0.27 *per cent*) of the savings was surrendered, as shown in **Table 3.19**.

Table 3.19: Short surrender of savings under the *Kanyashree Prakalpa*

Sl. No.	Head of Account	Scheme Description	Budget Provision	Actual Expenditure	Savings	Amount surrendered
			(₹ in crore)			
1.	2235-02-103-066	Implementation of Kanyashree Prakalpa	7.61	7.23	(-)0.38	-
2.	2235-02-103-026		899.86	752.39	(-)147.47	0.78
3.	2235-02-789-048		680.00	576.62	(-)103.38	-
4.	2235-02-796-049		278.00	238.02	(-)39.98	-
Total			**1,865.47**	**1,574.26**	**(-)291.21**	**0.78**

Source: Sub-heads of accounts

- ***Rush of expenditure during the month of March***

Rule 389A of Section XVI of the West Bengal Financial Rules (Volume-I) relates to avoiding rush of expenditure towards the close of financial year. Rush of expenditure, particularly in the closing months of the financial year, is ordinarily to be regarded as a breach of financial regularity.

Scrutiny disclosed that, in respect of 11, seven and six detailed head of accounts, expenditure in the month of March for the financial years 2020-21, 2021-22 and 2022-23, respectively, crossed 25 *per cent* of the total expenditure. Of these, the cases where expenditure in the month of March was more than ₹ one crore and more than 25 *per cent* of the total expenditure under that detailed head, are shown in **Table 3.20**.

Table 3.20: Rush of expenditure in the month of March

Sl. No.	Detailed Head Description	Expenditure (₹ in crore) in the Month of March	Expenditure (₹ in crore) during the Year	Expenditure in March *w.r.t* the Total (in *per cent*)
F.Y: 2020-21				
1.	13-Office Expenses	6.15	12.02	51.16
2.	14-Rent, Rates & Taxes	10.44	16.51	63.23
3.	27-Minor Works/Maintenance	8.65	10.66	81.14
4.	45-Interest/Dividends	18.77	19.48	96.36
5.	50-Other Charges	34.93	84.12	41.52
6.	53-Major Works/Land & Buildings	21.91	27.78	78.87
F.Y: 2021-22				
7.	13-Office Expenses	2.36	9.02	26.16
8.	14-Rent, Rates & Taxes	31.98	31.99	99.97
9.	21-Materials and Supplies/Stores and Equipment	1,252.81	1,742.57	71.89
F.Y: 2022-23				
10.	13-Office Expenses	3.71	11.53	32.18
11.	14-Rent, Rates & Taxes	16.76	41.90	40.00
12.	50-Other Charges	73.03	145.70	50.12
13.	53-Major Works/Land & Buildings	101.10	189.15	53.45

Source: VLC data

Reasons behind the expenditure exceeding 25 *per cent* in the month of March and corrective steps, if any, taken to arrest the expenditure at the fag end of the year, were not furnished by the Department, though called for (September 2023).

3.6 Conclusions

- Expenditure of ₹ 2,084 crore was incurred during the year 2022-23, without any provision in the original budget estimates/supplementary demands and without issuance of any re-appropriation orders to this effect.
- Supplementary provisions had also not been prepared on realistic basis, as, in five cases, supplementary provisions involving ₹ 100 crore or more, in each case, were unnecessary.
- Budgetary allocations were based on unrealistic proposals and, out of the total savings of ₹ 70,752 crore, only 5.20 *per cent* (₹ 3,682 crore) was surrendered.
- Government is required to take action for regularization of the excess expenditure of ₹ 48,953 crore, for the period 2009-10 to 2021-22 and ₹ 4,063 crore, for the year 2022-23, from the State Legislature.
- The budgetary system of the State Government was not up to the mark, as overall utilization of budget was 81 *per cent* of total grants and appropriations during 2022-23.
- During 2022-23, there was re-appropriation amounting to ₹ 1,197 crore in respect of 583 sub-heads constituting 52 grants. However, despite reappropriation, there were savings of ₹ 372 crore in respect of 29 sub-heads and excess of ₹ 11 crore in respect of two sub-heads.
- There was rush of expenditure at the fag-end of the year. In six sub heads each, 100 *per cent* of the expenditure, ranging between ₹ 62 crore and ₹ 670 crore, was incurred in the month of March 2023.

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

4.1 Introduction

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

4.2 Funds outside the Public Account of the State

Article 266 (2) of the Constitution provides that all public money' received by or on behalf of the Government of a State, other than the public money covered under Article 266(1), shall be credited to the Public Account of the State.

It was observed that during 2022-23, an amount of ₹ 1,834.43 crore, being the collection of cess[70] under the: (i) West Bengal Cess Act, 1880 (ii) West Bengal Rural Employment & Production Act, 1976 and (iii) West Bengal, Primary Education Act, 1973, had not been transferred to the designated funds.

Audit observed that the Government had not created specific fund accounts to transfer these collections. Hence, the cess proceeds, credited to the Consolidated Fund of the State, had not been transferred.

4.3 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 'Deposits bearing interest'. During 2022-23, despite fund balance of ₹ 2,154.61 crore, as on 1 April 2022, the State Government had paid interest of ₹ 117.56 crore, against the payable interest of ₹ 119.15 crore.

[70] (i) Rural Employment Cess on coal mines (₹ 1,450.79 crore) (ii) Education Cess on coal mines (₹ 63.36 crore) (iii) Public Works Cess (₹ 6.41 crore) (iv) Education Cess other than tea states and coal mines (₹ 5.72 crore) (v) Road Cess (₹ 3.97 crore) (vi) Rural Employment Cess other than on tea states and coal mines (₹ 3.68 crore) (vii) Rural Employment Cess on Tea estates (₹ 0.07 crore) and miscellaneous receipts under the Cess Act (₹ 0.43 crore)

Short-payment of interest[71] resulted in understatement of the revenue expenditure and understatement of the Revenue and Fiscal Deficits by ₹ 1.59 crore each (Refer **Table 1.8**).

4.4 Funds transferred directly to State implementing agencies

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

GoI, with effect from 1 April 2014, had decided to release all assistance for Centrally Sponsored schemes/Additional Central Assistance to the State Governments, through the budgetary mechanism. In West Bengal, however, transfer of Central funds, directly to the State implementing agencies, continued even during 2022-23 (**Appendix –VI** of **Finance Accounts, Volume-II**). Year-wise details of such transfers from 2018-19 to 2022-23, are shown in **Table 4.1**.

Table 4.1: Funds transferred to State implementing agencies by GoI

Year	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Direct transfers to State implementing agencies	5,800	11,677	26,198	25,370	25,436

Source: Finance Accounts for the respective years

During 2022-23, GoI released ₹ 25,436 crore, of which the schemes involving major transfers of Central funds directly to the State implementing agencies were 'Payment for Indigenous Urea' (₹ 9,148 crore), 'Food subsidy for decentralized procurement of food grains under NFSA[72]' (₹ 6,580 crore), 'Pradhan Mantri Kisan Samman Nidhi – PM KISAN' (₹ 2,866 crore), and 'Payment for Indigenous P & K Fertilizers' (₹ 1,683 crore).

Issues related to transparency

4.5 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 disbursed by the State Government and received by the grantee, should be obtained by

[71] For Civil Deposits, interest calculated @7.10 *per cent* as per the rate of interest payable to General Provident Fund
[72] National Food Security Act

the departmental officers, from the grantees, within one year from the dates of release of the grants provided for specific purposes.

Audit scrutiny revealed that, as of March 2023, a total of 5,08,222 UCs, in respect of grants aggregating ₹ 3,20,774 crore, have not been received by AG (A&E) and are pending reconciliation as shown in **Table 4.2**.

Table 4.2: Utilisation Certificates, not received by AG (A&E) and pending reconciliation

Year	Due for submission upto 2022-23	
	No.	Amount (₹ in crore)
Upto 2021-22	4,41,244	2,65,685
2022-23	66,978	55,089
Total	**5,08,222**	**3,20,774**

Source: Finance Accounts

Note: UCs for the GIA disbursed during 2021-22 became due during 2022-23.

Though such instances of non-receipt of UCs, by AG (A&E), are regularly being reported in the Reports of the CAG of India, there has been significant increase in the number of UCs and the amount by 42.50 *per cent* and 59.77 *per cent* respectively, in regard to UCs which have not been received by AG (A&E), over that reported in the Audit Report of 2018-19 (3,56,657 UCs for ₹ 2,00,772 crore).

Further, no mechanism has been prescribed by the State Government mandating depiction of the Central and the State share in the UCs. Hence, audit could not ascertain the amount of Central and State share for which UCs were pending out of the total pending amount of UCs.

4.6 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that 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 the 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 2020-21, 2021-22 and 2022-23, is given in **Table 4.3**.

Table 4.3: Year wise progress in submission of DC bills against AC bills

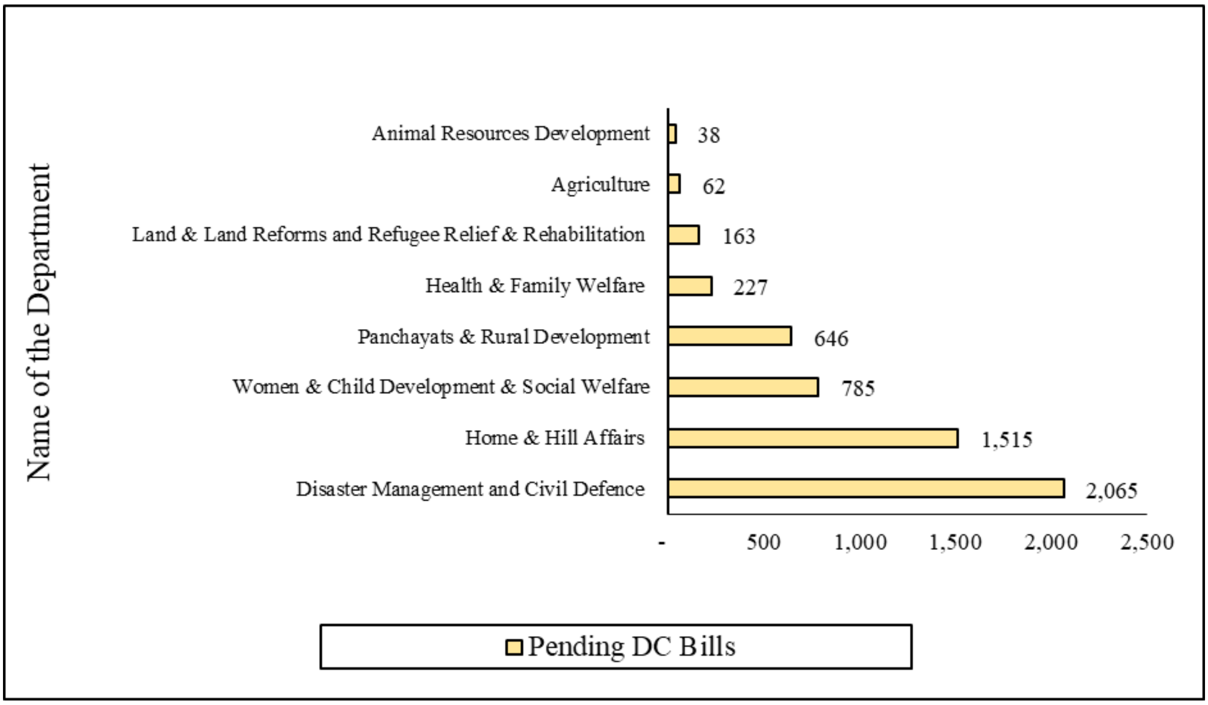
Year	Opening Balance as on 1 April 2022		Addition during 2022-23		Clearance during 2022-23		Closing Balance as on 2022-23	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2020-21	7,007	1,136			465	328	6,542	808
2021-22	992	502			477	311	515	191
2022-23	-	-	901	556	255	317	646	239
Total	**7,999**	**1,638**	**901**	**556**	**1,197**	**956**	**7,703**	**1,238**

Source: Finance Accounts

Pending DC Bills are indicative of 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 31 March 2023, against eight departments where pendency is significant, are shown in **Chart 4.1.**

Chart 4.1: Pending DC Bills in respect of eight departments



Source: Finance Accounts

Four departments accounted for 65.05 *per cent* of the total number of outstanding AC bills. These departments were Home & Hill Affairs (₹ 723 crore; 1,515 AC bills), Women & Child Development and Social Welfare (₹ 106 crore; 785 AC bills), Disaster Management and Civil Defence (₹ 90 crore; 2,065 AC bills) and Panchayats & Rural Development (₹ 45 crore; 646 AC bills).

Two departments, which had cleared the maximum AC bills, through submission of DC bills during 2022-23, were Home & Hill Affairs (18,816 DC bills involving ₹ 4,452 crore) and Disaster Management and Civil Defence (10,619 DC bills involving ₹ 2,308 crore).

Scrutiny revealed (August 2023) that significant amounts drawn on AC bills, had remained unadjusted in respect of the following five DDOs:

Accounts Officer, Transport Department

16 AC bills, involving ₹ 62.04 crore, drawn on 31 March 2023, for construction of 13 Jetties on the Hooghly River and three Helipads in different districts of West Bengal, for multimodal connectivity under Gati Shakti NMP (under special assistance to states under Part II of PM Gatishakti scheme), had remained un-adjusted till August 2023.

Drawal of funds at the fag end of the year indicated avoidance of lapse of grant.

Commandant, SAP 6th Battalion, Barrackpore:

27 AC bills, involving ₹ 121.98 crore, drawn from March 2014 to March 2023, for the purpose of 'procurement of arms and ammunitions' from different factories in India, had remained unadjusted till August 2023.

In reply, the Commandant stated that adjustment of advance bills could not be possible owing to non-receipt of arms and ammunition from the concerned suppliers in due time. It was stated that DC bills would be submitted soon.

District Magistrate (DM), Birbhum

- DC bills, in respect of 41 AC Bills of ₹ 3.21 crore, drawn over the years 2011 to 2018, could not be produced before Audit. As a result, compliance to the provisions, as laid down in the WBTR, could not be ascertained.

DM, Paschim Medinipur

- One AC bill, amounting to ₹ 4.84 crore, drawn by the DM, in the month of March 2021, in connection with the General Elections to the West Bengal Legislative Assembly (WBLA), 2021, was shown as 'adjusted', in June 2022, though an amount of ₹ 5.68 lakh (out of ₹ 4.84 crore) had remained parked (August 2023) in the DM's PL Account. Submission of DC bills for the entire amount, without, having actually incurred, was a violation of the WBTR.

DM, Malda

- Two AC bills, amounting to ₹ 1.26 crore, drawn for the purpose of election expenditure, in March 2021, had remained unadjusted till July 2023, due to non-receipt of UCs and relevant sub-vouchers from the Block Development Officers (BDOs).
- 12 AC bills, amounting to ₹ 6.60 crore, drawn in the month of March 2021, for WBLA 2021, were shown as 'adjusted', even though ₹ 23.01 lakh, out of ₹ 6.60 crore, had remained unspent, in the bank account, as of June 2023. Submission of DC bills for the entire amount, without having actually incurred the expenditure, was a violation of the WBTR.

4.7 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 are to 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[73]. The accounts may be opened again in the following year, if necessary. Analysis in this regard revealed that, in terms of the WBTR, the 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 in this regard were, however, furnished to Audit by the State Government, though called for (June 2023). Consequently, the extent of adherence to the procedural norms, could not be vouchsafed in Audit.

4.7.1 Status of PD Accounts

It was noticed that there was a balance of ₹ 3,014 crore, in 159 PD Accounts, as on 31 March 2023, as shown in **Table 4.4**. Similar such year-end balances were noticed in 2021-22 (₹ 3,197 crore in 160 PD Accounts), in 2020-21 (₹ 3,465 crore in 160 PD Accounts), in 2019-20 (₹ 5,240 crore in 160 PD Accounts), and in 2018-19 (₹ 5,466 crore in 159 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'. However, details in regard to year-wise and operator-wise balances under PD/PL accounts, alongwith details of lapsable and non-lapsable PD Accounts, were not furnished to Audit, though called for.

Table 4.4: 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	3,197
2	Addition# during the year 2022-23	-	2,380
3	Cleared@ during the year 2022-23	1	2,563
4	PD Accounts existing at the end of the year	159	3,014

Source: Finance Accounts of Government of West Bengal (2022-23)
#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 2023, 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 4.7.2**.

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.

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

4.7.2 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.

Checking of treasuries, conducted in 2022-23, in respect of transactions for the year 2021-22, revealed that only 13 out of 159 Administrators of PD Accounts had reconciled and verified their balances with the treasury figures.

(ii) During 2022-23, an amount of ₹ 181.68 crore was transferred to PD Accounts, in March 2023, from the Consolidated Fund of the State. This comprised 7.63 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 47.94 crore was transferred on the last working day of March 2023. This was intended to avoid lapse of budget provisions.

4.7.3 Findings on test-checked DDOs

Test-check of PL Accounts, maintained by six DDOs[74], revealed the following deficiencies:

(i) There were differences in the closing cash book balances and corresponding Treasury Pass Book balances of three DDOs **(Table 4.5),** due to non-reconciliation, although this was required under WBTR.

Table 4.5: 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, Nadia	10.44	12.79	2.35
2.	DM, Purulia	19.41	27.44	8.03
3.	DM, Birbhum	8.60	12.32	3.72

Source: Departmental figures

(ii) Six DDOs[75], as of March 2023, had parked ₹ 4.82 crore, in their respective PL Accounts, for periods exceeding two years, disregarding the provisions of WBTR (***Appendix 4.1***).

(iii) Three DDOs[76] had kept an amount of ₹ 53.82 crore, in the form of un-classified balances, under the scheme description 'Miscellaneous', in their PD Accounts. As such, the purpose of retention of funds could not be ascertained.

(iv) As per BEUP[77] Guidelines, the Accounts for each of the Assembly should be closed within six months or the next 31st March, whichever is

[74] District Magistrates (DM) of Nadia, Paschim Medinipur, Purulia, Malda, Birbhum, Cooch Behar
[75] DMs of Nadia, Paschim Medinipur, Purulia, Malda, Birbhum and Cooch Behar
[76] DMs of Purulia (₹ 23.03 crore), Paschim Medinipur (₹ 6.24 crore) & Cooch Behar (₹ 24.55 crore)
[77] Bidhayak Elaka Unnayan Prakalpa

later, from the date of dissolution of the Assembly. There was retention of unutilised BEUP funds (₹ 5.03 crore) of the 16th Assembly[78], by five DDOs[79] even after its dissolution. As per BEUP guidelines, the funds were to have been refunded to the Government Account by 31 March 2022.

(v) As per norms fixed (March 2021) by the GoI, unutilised funds of Centrally Sponsored Schemes (CSSs) were to be remitted to the account of the Single Nodal Agency (SNA) of the concerned department, responsible for implementing the CSSs. Audit noticed that, in violation of these norms, funds amounting to ₹ 2.51 crore, in respect of following four CSSs, were lying (August 2023) in the PL Accounts of the DDOs:

- BADP[80] funds with the DMs of Malda (₹ 0.20 crore) and Cooch Behar (₹ 0.06 crore)
- ICDS[81] (now renamed as PM POSHAN 2.0) funds with the DMs of Purulia (₹ 1.27 crore), Malda (₹ 0.13 crore), Paschim Medinipur (₹ 0.11 crore) and Cooch Behar (₹ 0.02 crore)
- MSDP[82] fund for minorities with the DM, Cooch Behar (₹ 0.14 crore); and
- MGNREGA[83] fund of ₹ 0.58 crore, with DM, Birbhum.

4.8 Misclassification/Avoidable accounting of expenditure under Minor head '800' (Other/Miscellaneous expenditure)

The Minor Head '800', with the nomenclature 'other receipts'/'other expenditure', is to be 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 the Minor Head '800' results in opaqueness in accounts and, hence, needs to be curtailed. State Finances Audit Reports of the CAG[84] have, year after year, pointed out the continued arbitrary use of the Minor Head '800', by different Departments of the State Government. However, this issue had been left unaddressed, leading to continued accounting of expenditure under Minor Head '800'.

During 2022-23, the State Government had booked expenditure of ₹ 6,515 crore, under the Minor Head '800', against 65 revenue and capital Major Heads of Account, constituting 2.66 *per cent* of the total revenue and capital expenditure of ₹ 2,44,848 crore.

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[78] The tenure ended on 30 May 2021
[79] DMs: Malda (₹ 1.71 crore), Cooch Behar (₹ 1.57 crore), Purulia (₹ 1.00 crore), Nadia (₹0.41 crore), and Paschim Medinipur (₹ 0.34 crore)
[80] Border Area Development Programme
[81] Integrated Child Development Scheme
[82] Multi Sectoral Development Programme
[83] Mahatma Gandhi National Rural Employment Guarantee Act
[84] Comptroller and Auditor General

In this regard, CGA, MoF, GoI, had 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[85] outlays, under specific Minor Heads, by getting new Minor Heads opened. However, it was noticed that a significant proportion (₹ 100 crore or more as well as 50 *per cent* or more against the total expenditure) of the expenditure, within three Major Heads, had been classified under the Minor Head '800'- 'Other Expenditure', during 2022-23 (**Table 4.6**).

Table 4.6: 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)		
2075 – Misc. General Services	199.03	148.45	74.59
2250 – Other Social Services	277.35	273.26	98.53
4885 – Other Capital Outlay on Industries & Minerals	158.94	135.32	85.14

Source: Finance Accounts

Audit checked the expenditure incurred by nine departments, wherein the total amount booked in Minor Head '800' was ₹ 3,538.96 crore (constituting 2.59 *per cent* of the total expenditure), during 2022-23 (shown in **Table 4.7**).

Table 4.7: Booking of expenditure in nine departments, where the test-checked amounts, under Minor Head '800', were ₹ 10 crore and above

Sl. No.	Demand 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.	18- Finance	95,916.93	800.89	14.78	13.36	1.42	14.78
2.	24- Health & family Welfare	16,872.00	1,558.39	19.94	19.73	0.21	19.94
3.	68- Home & Hill Affairs	11,506.47	172.72	20.60	-	20.60	20.60
4.	25- Public Works	7,054.71	435.82	205.92	205.92	-	205.92
5.	73- Disaster Management & Civil Defence	2,006.41	186.51	18.58	-	18.58	18.58
6.	53- Transport	1,427.49	47.87	13.29	13.29	-	13.29
7.	6- Animal Resources Development	963.89	119.97	54.65	25.10	29.55	54.65
8.	51- Technical Education, Training & Skill Development	694.98	154.30	19.67	-	19.67	19.67
9.	52- Tourism	124.22	62.49	44.59	44.59	-	44.59
Total		**1,36,567.10**	**3,538.96**	**412.02**	**321.99**	**90.03**	**412.02**

Source: VLC data

[85] Exceeding 50 *per cent* of the allocation under the Major Head

Of this ₹ 412.02 crore, specific minor heads were available for an expenditure of ₹ 321.99 crore, under the related Major/Sub Major heads. Some instances in this regard, are given below:

- Expenditure of ₹ 205.92 crore had been incurred by the Public Works Departments for the purpose of 'Maintenance & Minor Works' (₹ 205.88 crore) & 'Contribution to Indian Road Congress' (₹ 0.04 crore) and had been booked under the minor head '800- other expenditure', under the Major Head '3054- Roads, and Bridges', in spite of having appropriate minor heads '105- Maintenance and Repairs'; and '001-Direction and Administration', respectively.
- Expenditure amounting to ₹ 44.59 crore had been incurred for the purpose of expansion/improvement of tourist lodges, provision of developed sites, construction of ancillary works, maintenance of tourist lodges, motel centers (₹ 2.39 crore) and creation of new attractions for tourism (₹ 42.20 crore), despite having appropriate minor heads '102-Tourist Accommodation' and '101-Tourist Centre', respectively.

In respect of expenditure of ₹ 90.03 crore, use of the Minor Head '800' could have been avoided, had the Major/Sub Major heads classification been correct. The appropriate Minor Heads for this expenditure were available under the correct Major/Sub-Major heads. Some instances are given below.

- Expenditure amounting to ₹ 29.55 crore, incurred for the purpose of establishing Poultry Feed Plants/Broiler Breeding Farms under RKVY[86], was booked under the head of account '2401 - Crop Husbandry', with corresponding Sub-Major head '00' and Minor head '800 - Other Expenditure', instead of the available head of account '2403-Animal Husbandry', with the corresponding Sub-Major head '00' and Minor head '103-Poultry Development/107-Fodder and Feed development'.
- CAPF[87] related expenditure (₹ 14.45 crore), for conducting Elections in the State and Deployment of Police and other Forces (₹ 6.15 crore) for conducting elections, 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 Heads '105-charges for conduct of elections to Parliament/106-charges for conduct of elections for State Legislature' and '109- charges for conduct of elections for Panchayats/Local Bodies', under the appropriate Major Head '2015-Elections'.

In effect, booking of ₹ 412.02 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

[86] Rashtriya Krishi Vikas Yojana
[87] Central Armed Police Force

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 the allocative priorities and quality of expenditure.

Issues related to measurement

4.9 Outstanding balances 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 last three years, are shown in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittance Heads, for the last three years

(₹ in crore)

Sl. No.	Head of Account / Ministry/Department with which pending	2020-21 Dr.	2020-21 Cr.	2021-22 Dr.	2021-22 Cr.	2022-23 Dr.	2022-23 Cr.
8658-Suspense Account							
1	101-PAO Suspense	34.99	(-)1.13	(-) 18.47	2.81	17.34	(-) 1.71
	Net	**36.12 (Dr.)**		**21.28 (Cr.)**		**19.05 (Dr.)**	
2	102-Suspense Account-Civil	714.73	338.41	252.96	722.22	346.41	376.77
	Net	**376.32 (Dr.)**		**469.26 (Cr.)**		**30.36 (Cr.)**	
3	110-RB Suspense CAO	82.36	(-)0.02	(-) 8.81	(-)164.10	21.00	(-) 17.30
	Net	**82.38 (Dr.)**		**155.29 (Dr.)**		**38.30 (Dr.)**	
4	112-TDS Suspense	0.00	269.40	0.00	(-)397.16	0.00	(-) 10.32
	Net	**269.40 (Cr.)**		**397.16 (Dr.)**		**10.32 (Dr.)**	
5	129-Material purchase settlement Suspense Account	0.00	67.44	0.00	0.00	0.00	0.00
	Net	**67.44 (Cr.)**		**0.00**		**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	0.00	0.00	(-)608.40	(-)118.38
	Net	**386.32 (Dr.)**		**0.00**		**490.02 (Cr.)**	
2	103-Forest Remittances	6,199.01	6,173.39	0.00	0.00	0.00	0.00
	Net	**25.62 (Dr.)**		**0.00**		**0.00**	
8793-Inter State Suspense Accounts							
1	Inter State Suspense Accounts	0.64	(-)0.33	(-)13.31	(-)0.25	3.16	0.09
	Net	**0.97 (Dr.)**		**13.06 (Cr.)**		**3.07 (Dr.)**	
	Grand Total	**570.89 (Dr.)**		**48.85 (Dr.)**		**449.64 (Cr.)**	

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

It can be seen from **Table 4.8** that, owing to non-clearance of suspense and remittance balances, the aggregate cash balances were deflated by ₹ 571 crore and ₹ 49 crore, respectively, during 2020-21 & 2021-22, and inflated by ₹ 450 crore, during 2022-23. Details of suspense and remittance balances and their effect on cash balances, during 2022-23, are 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 ₹ 161.09 crore, in connection with National Highway expenditure, had been rejected by RPAO[88], for want of allotment. On settlement, the cash balance will increase.
- Pension paid by the State Government to the Central Pension Accounting Office for IAS Officers', amounting to ₹ 42.22 crore, had remained uncleared. On clearance, the cash balance will increase.
- An amount of ₹ 207.55 crore had not been credited under the e-Payment procedure. On clearance, the cash balance will decrease.
- Transactions amounting to ₹ 39.46 crore of GoWB, arising in the accounts of various Ministries, had remained unsettled. On settlement, 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 ₹ 114.77 crore and ₹ 322.66 crore, issued by PW and Forest Divisions, respectively, had not been encashed at the Treasuries. On clearance, cash balance will decrease.
- Remittances of cheques, amounting to ₹ 347.87 crore, issued by Forest Divisions, had not been acknowledged by the concerned Treasuries. On being acknowledged, the cash balance will increase.
- Receipts amounting to ₹ 20.21 crore had remained due, because of non-settlement of clearance memos from RBI. On settlement, 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 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 2023, worked out by the RBI on 10 April 2023, the State had a credit balance of ₹ 9.51 crore, while the closing cash balance, in the books of the Accountant General (A&E), West Bengal, showed a credit balance of ₹ 13.88 crore. Thus, there was a difference of ₹ 4.37 crore, between the cash balance worked out by the Accountant General (A&E) and the cash balance reported by the RBI, which requires reconciliation.

[88] Regional Pay and Accounts Office

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 2022-23, and deficiencies therein, are detailed in **Table 4.9**.

Table 4.9: 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 guarantees*	The standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions and deletions, as well as invoked, discharged and outstanding at the end of the year.	Partly complied	Contingent liabilities are not recognised. 'Guarantees given by the Government', comprising sector-wise disclosure of each class of guarantees', are disclosed in Statements 9 and 20 of the Finance Accounts, as per the details made available by the State Government. Commitment accountings are not followed and the commitments are neither recorded nor the liabilities against commitments recognised in the accounts.
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.	Partly complied	State Government made budgetary provision and classified GIA amounting to ₹ 3,179 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.
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 it maintained detailed accounts.

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 the submission of accounts, as detailed in **Table 4.10.**

Table 4.10: Age-wise details of delays in the submission of Annual Accounts of Autonomous Bodies, as of 30 September 2023

Sl. No.	Delay in Number of Years	No. of ABs
1	0-2	27
2	3-5	26
3	6-10	10
4	Above 10	04
Total		**67**

Source: Accounts of Autonomous Bodies

The status of rendering of accounts to Audit and communications seeking submission of accounts, made between September 2022 and July 2023, are indicated in ***Appendix 4.3***. No AB had submitted accounts upto 2022-23, as of September 2023. Two District Legal Service Authorities[89] (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2023, 279 annual accounts of ABs, due up to 2022-23, remained pending.

Non-submission of accounts by Autonomous Bodies is in violation of the prescribed financial rules and directives and is indicative of 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, is shown in **Table 4.11**.

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

Table 4.11: 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
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

The SFAR for the year 2021-22 was handed over to the State Government on 19 April, 2023. However, the Report is yet to be tabled before the State Legislature. SFAR 2015-16 was discussed by the PAC in December 2019. In February 2021, PAC had brought out a report containing its recommendations. The Action Taken Note on the recommendations was, however, is yet to be furnished by the State Government (as of November, 2023). Such lack of responsiveness is a matter of serious concern and goes against the basic tenets of legislative control over expenditure from the public exchequer and undermines the importance of the Legislature.

4.14 Conclusions

Positive Indicators	Negative Indicators
Downward trend of outstanding AC bills	Upward trend in the position of outstanding UCs
Downward trend in the balances of PD Accounts	
Downward trend in booking under minor head '800' – Other Expenditure	
Decreased liabilities of interest towards interest bearing reserve funds	

4.15 Recommendations

1. *Government may ensure timely submission of utilisation certificates by the departments, in respect of the grants released for specific purposes. Further, State Government needs to devise a suitable mechanism to ensure that all UCs depict the amount of Central and State share separately.*
2. *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*

may 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. *Finance Department may, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items correctly appearing under the 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) that fall 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 this 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, as well as the 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, any company 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, are referred to in this Report as Government controlled other companies.

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

5.3 Number of SPSEs

As on 31 March 2023, there were 84 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 84 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 2023. As per the latest finalized accounts (upto the financial year 2022-23), the working SPSEs registered an annual turnover of ₹ 66,760 crore. This turnover was equal to 4.29 *per cent* of the Gross State Domestic Product (GSDP) for the year 2022-23 (₹15,54,992 crore). The working SPSEs earned an overall net profit of ₹ 882.84 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	723.46	0.05
Finance	6	1	3	-	10	624.20	0.04
Infrastructure	11	-	1	-	12	1,332.22	0.09
Manufacturing	9	16	-	-	25	150.53	0.01
Power	6	-	-	-	6	43,042.56	2.77
Service	11	-	3	1	15	20,099.56	1.29
Others	4	-	-	-	4	787.22	0.05
Total	**57**	**18**	**8**	**1**	**84**	**66,759.75**	**4.29**

Source: Latest finalised accounts of SPSEs

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. In addition, 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 5.2** shows the details of equity investment to SPSEs by GoWB, GoI and Others, as per the latest finalised accounts available upto the financial year 2022-23.

Table 5.2: Investment of State Government in Equity in SPSEs

Sector	No. of SPSEs	Equity holdings of (₹ in crore)			Total Paid Up Capital	% of Equity of GoWB
		GoWB	GoI	Others		
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)*100
Agriculture & Allied	12	113.25	0.95	3.84	118.04	95.94
Finance	10	1,325.78	132.21	6.65	1,464.64	90.52
Infrastructure	12	1,973.17	0	5.15	1,978.32	99.74
Manufacturing	25	417.18	0	12.35	429.53	97.12
Power	6	13,467.31	0	5.14	13,472.45	99.96
Service	15	240.45	5.82	0.67	246.94	97.37
Others	4	5.78	0	0.81	6.59	87.71
Total	**84**	**17,542.92**	**138.98**	**34.61**	**17,716.51**	**99.02**

Source: Latest finalised accounts of SPSEs

Table 5.2 shows that the equity investment of GoWB (₹17,542.92 crore) in SPSEs comprised 99 *per cent* of their total equity. Equity investments of the Government of West Bengal, were higher in the Power sector (76.77 *per cent*) followed by the Infrastructure (11.25 *per cent*) and Finance (7.56 *per cent*) sectors. GoI had equity investment of ₹ 139 crore, mainly in the Finance sector (95.13 *per cent*). Others[90] had contributed equity holding of ₹ 34.61 crore in SPSEs, mainly in the Manufacturing sector (35.68 *per cent*).

5.5 Debt position of SPSEs

Long term loans from GoWB are also an important means of financing SPSEs. In addition to 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 guarantee commission. **Table 5.3** depicts the details of loans taken by SPSEs from the State Government and Other sources.

Table 5.3: Details of borrowing of SPSEs as per the latest finalised accounts

Sector	No. of SPSEs	Borrowings from sources other than the State Government (₹ in crore)	Borrowings from the State Government	Total Borrowings	% of State Government loan
(1)	(2)	(3)	(4)	(5)=(3+4)	(6)=(4/5)*100
Agriculture & Allied	12	41.24	143.26	184.50	77.65
Finance	10	5,975.53	185.30	6,160.83	3.01
Infrastructure	12	0.12	190.65	190.77	99.94
Manufacturing	25	45.06	2,000.59	2,045.65	97.80
Power	6	19,872.43	692.27	20,564.70	3.37
Service	15	297.84	2,285.35	2,583.19	88.47

[90] Companies which had invested equity share capital in SPSEs, in addition to the equity share capital invested by GoI and GoWB

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
Others	4	0.48	90.18	90.66	99.47
Total	**84**	**26,232.70**	**5,587.60**	**31,820.30**	**17.56**

Source: Latest finalised accounts of SPSEs

As can be seen from the **Table 5.3**, the State Government had given loans of ₹ 5,587.60 crore to SPSEs, which accounted for 17.56 *per cent* of the total loans taken by SPSEs. The remaining loans (₹ 26,233 crore), which accounted for 82.44 *per cent* of the total loans, came from market borrowings, as well as loans from financial institutions backed by Government guarantees. Against the loans taken from other sources, the Power sector accounted for 75.75 *per cent,* followed by the Finance Sector at 22.78 *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 financial statements 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 5.4** shows the variation in the figures for Equity investment and loans provided to the SPSEs, between these two sources.

Table 5.4: Differences in the figures of equity and loans of SPSEs between the Finance Accounts and the records of the SPSEs

In respect of	As per the Finance Accounts	As per the records of SPSEs	Difference in 2022-23
	(₹ in crore)		
(1)	(2)	(3)	(4)=(2-3)
Equity	17,623.81	17,542.92	80.89
Loans	10,068.68	5,587.60	4,481.08

Source: Finance Accounts and Information furnished by SPSEs for the year ended March 2023

It was observed that there were variations in the figures of Equity, in regard to 60 SPSEs and variations in the Loan amount figures, in regard to 27 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 assets exceeding 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[91]. The Asset Coverage Ratio is calculated as ((Total Assets – Intangible Assets) – (Current Liabilities – Short-term Portion of Long-term Debt))/Total Debt. **Table 5.5** shows the Asset Coverage ratio of SPSEs, as per the latest finalised accounts.

Table 5.5: Asset Coverage ratio of SPSEs, as per the latest finalised accounts

Sector	Nos. of SPSEs	Assets	Intangible assets	Current liabilites	Short Term portion of Long-Term Debts	Long Term Borrowings	Asset Coverage Ratio
		(₹ in crore)					
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)={(3-4)-(5-6)}/7**
Agriculture & Allied	12	1,816.15	1.44	1,619.01	-	184.50	1.06
Finance	10	14,353.60	0.38	3,469.04	-	6,160.83	1.77
Infrastructure	12	9,102.85	4.84	1,808.40	35.59	190.77	38.40
Manufacturing	25	2,167.94	0.04	3,291.81	15.61	2,045.65	(-)0.54
Power	6	95,948.57	1,420.21	42,443.14	6,015.64	20,564.70	2.83
Service	15	9,240.66	1.96	9,449.56	162.33	2,583.19	(-)0.02
Others	4	748.33	0.13	493.20	3.05	90.66	2.85
Total	**84**	**1,33,378.09**	**1,429.00**	**62,574.17**	**6,232.22**	**31,820.30**	**2.38**

Source: Latest finalised accounts of SPSEs

As can be seen from the **Table 5.5**, the asset coverage ratios of SPSEs, in the manufacturing and service sectors are negative. In case of the 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 of three SPSEs – WBHIDCL[92], WBHDCL and WBEIDCL[93], had a good assets coverage ratio of 38.40, followed by the 'Others' and 'Power' sectors , at 2.85 and 2.83, 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 budgetary support, extended to the SPSEs in the form of Equity, Loans and Grants/Subsidies, during the last three years, are given in **Table 5.6**.

[91] The 'Asset Adequacy Ratio' is also called the 'Asset Coverage Ratio'
[92] West Bengal Housing Infrastructure Development Corporation Limited
[93] West Bengal Electronics Industry Development Corporation Limited

Table 5.6: Budgetary assistance to SPSEs

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		Number of SPSEs	Amount (₹ in crore)	Number of SPSEs	Amount (₹ in crore)	Number of SPSEs	Amount (₹ in crore)
(i)	Equity Capital	2	108.16	2	128.27	4	527.77
(ii)	Loans	10	136.31	12	164.46	14	1,171.40
(iii)	Grants/Subsidy	19	1,715.95	16	2,043.77	14	2,038.90
Total Outgo (i+ii+iii)			**1,960.42**		**2,336.50**		**3,738.07**

Source: Latest finalised accounts of SPSEs available upto the year of accounting

Table 5.6 indicates that there has been a significant increase in the infusion of equity in SPSEs, by GoWB, during the last three years, with the equity infusion having increased from the level of ₹ 108 crore in 2020-21, to ₹ 528 crore in 2022-23. In 2022-23, GoWB made equity capital infusion of ₹ 100 crore and ₹ 386 crore, in WBPDCL (West Bengal Power Development Corporation Limited) and WBSEDCL (West Bengal State Electricity Distribution Company Limited), respectively. There has also been a substantial increase in Grants/Subsidy, which have risen from ₹ 1,716 crore in 2020-21 to ₹ 2,039 crore in 2022-23.

5.9 Disinvestment, restructuring and privatisation

The Government of West Bengal decided (February 2017) to restructure SPSEs for improving their operational efficiency and optimally utilising their manpower/assets. Accordingly, one SPSE, namely, Gluconate Health Limited, was amalgamated with the West Bengal Medical Services Corporation Limited, with effect from 01 April 2019, under the administrative control of the Department of Health & Family Welfare. In addition, another SPSE, Britannia Engineering Ltd., was amalgamated with Westinghouse Saxby Farmer Ltd., in September 2022.

5.10 Return from Government Companies and Corporations

As per the latest finalised accounts, out of 65 Working SPSEs, 33 SPSEs earned profit of ₹ 1,715.37 crore whereas 32 SPSEs had suffered losses of ₹ 832.53 crore. Profit earned and Dividend paid by SPSEs, is shown in **Table 5.7**.

Table 5.7: Profit Earned and Dividend paid by SPSEs

Sector	Working SPSEs	Net Profit/Loss after tax	Dividend paid to GoWB
		(₹ in crore)	
Agriculture & Allied	11	16.38	-
Finance	9	59.55	-
Infrastructure	12	(-)7.19	4.68

Sector	Working SPSEs	Net Profit/Loss after tax	Dividend paid to GoWB
		(₹ in crore)	
Manufacturing	9	(-)172.86	-
Power	6	1,348.64	77.39
Service	14	(-)446.87	-
Others	4	85.19	0.55
Total	**65**	**882.84**	**82.62**

Source: Latest finalised accounts of SPSEs

It can be noticed from the above that, in spite of the working SPSEs having earned net profit of ₹ 882.84 crore, dividend of ₹ 82.62 crore only (9.36 *per cent* of the profit earned) was received by the Government. The Finance sector, which had earned profit of ₹ 59.55 crore had not paid any dividend to the Government. Only the West Bengal State Electricity Transmission Company Limited, Mackintosh Burn Limited and Saraswaty Press Limited, had paid dividend of ₹ 77.39 crore, ₹ 4.68 crore and 0.55 crore, respectively, to the State Government, during 2022-23.

5.11 Repayment of Principal Debt and Servicing of Interest charges

Table 5.8 shows the details of borrowings of SPSEs and repayments (including interest), as per their latest finalised accounts.

Table 5.8: Repayment of Long-term Debt and Interest by SPSEs, as per their latest finalised accounts

Sector	Loans from sources other than the State Govt.			Loans from the State Govt.		
	Outstanding Loan	Repayment of Principal	Repayment of Interest	Outstanding Loan	Repayment of Principal	Repayment of Interest
	(₹ in crore)					
Agriculture & Allied	41.24	10.00	10.00	143.26	-	-
Finance	5,975.53	-	-	185.30	-	-
Infrastructure	0.12	-	3.29	190.65	-	7.22
Manufacturing	45.06	-	6.12	2,000.59	-	41.40
Power	19,872.43	814.30	2,995.05	692.27	53.73	44.18
Services	297.84	-	51.13	2,285.35	50.00	66.75
Others	0.48	-	-	90.18	-	0.78
Total	**26,232.70**	**824.30**	**3,065.59**	**5,587.60**	**103.73**	**160.33**

Source: Latest finalised accounts of SPSEs

It can be seen from **Table 5.8** that the major portion of repayment of principal and interest on loans was from SPSEs in the Power sector, which accounted for 93.53 *per cent* of the total repayments of principal and 94.21 *per cent* of the total repayments of interest, respectively. SPSEs in the Services sector had, however, paid interest accounting for only 3.65 *per cent.*

5.12 Outstanding loans disbursed by Government in respect of SPSEs

As per the available audited 47 accounts, for the financial years 2006-23 (upto September 2023), pertaining to 84 SPSEs, repayments of ₹ 13,128.37 crore (Principal: ₹ 5,587.60 crore and Interest: ₹ 7,540.77 crore) were in arrears (**Table 5.9**). This assumes significance since 55.95 *per cent* of SPSEs have arrears in repayments. Due to non-availability of accounts of 62 out of 84 SPSEs, during 2022-23, a comprehensive position of outstanding repayments could not be arrived at.

Table 5.9: Status of outstanding loans disbursed by Government to 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.	2022-23	22	12	1,400.12	2,076.99
2.	2021-22	36	20	3,639.21	4,887.34
3.	2020-21	7	4	79.70	111.02
4.	2019-20	3	1	10.84	7.78
5.	2018-19	7	3	191.82	338.82
6.	2017-18	2	1	4.81	0.15
7.	2016-17	3	3	124.84	10.18
8.	2015-16	1	-	-	-
9.	2012-13	1	1	26.78	25.99
10.	2007-08	1	1	26.69	47.43
11.	2006-07	1	1	82.79	35.57
Total		**84**	**47**	**5,587.60**	**7,540.77**

Source: Latest finalised accounts of SPSEs

SPSEs of the Power sector, like WBPDCL and DPL, stated that cash crunch did not permit them to repay the government loans. DPL also stated that GoWB had approved the conversion of government loan of ₹ 391.69 crore into equity, which was returned to GoWB, as repayment of loan of same amount. No guarantee commission was paid by WBPDCL and DPL. WBSEDCL had repaid principal of ₹ 5.23 crore, and ₹ 1.72 crore as interest, while WBSETCL had repaid ₹ 48.50 crore as principal, and ₹ 42.46 crore as interest, during 2022-23.

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 5.10 shows the sector-wise details of operating income and non-operating income[94] of all working SPSEs, as per their latest finalised accounts.

Table 5.10: Sector-wise details of Revenue from operations and other income of SPSEs

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	723.46	84.59	103.89	911.94	79.33
Finance	9	624.20	13.56	186.47	824.23	75.73
Infrastructure	12	1,332.22	-	166.55	1,498.77	88.89
Manufacturing	9	150.53	-	30.20	180.73	83.29
Power	6	43,042.56	770.96	2,032.22	45,845.74	93.89
Services	14	20,099.56	963.81	116.96	21,180.33	94.90
Others	4	787.22	-	7.04	794.26	99.11
Total	**65**	**66,759.75**	**1,832.92**	**2,643.33**	**71,236.00**	**93.72**

Source: Latest finalised accounts of SPSEs

Table 5.10 indicates that SPSEs in the Finance, Agriculture & Allied, and Manufacturing sectors have lower percentage of operating income, ranging from 75.73 to 83.29 *per cent* of their total revenue, in comparison to other sectors like Infrastructure, Power and Services, which contributed around 88.89 to 94.90 *per cent*. Out of 65 working SPSEs, nine had no revenue from operations, indicating that their core activities had been discontinued. This included two from each of the Infrastructure, Services sectors and Manufacturing sector and one each from the Agriculture, Finance and Power sectors. The Power and Services sectors have received a significant portion of subsidy, accounting for 42.06 and 52.58 *per cent*, respectively, of the total amount of subsidy disbursed. In the Services sector, a major portion of the subsidy was given to five transport corporations[95].

5.14 Return on Capital Employed

Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and efficiency with which its capital is employed. ROCE is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by its capital employed.

The 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

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

[95] (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

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 the ROCE of the working SPSEs, as per the latest finalised accounts, are shown in **Table 5.11**.

Table 5.11: Return on Capital Employed of working SPSEs

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	79.43	276.88	28.69
Finance	9	399.16	9,260.48	4.31
Infrastructure	12	1.07	3,098.48	0.03
Manufacturing	9	(-)71.92	(-)663.31	-
Power	6	4,894.10	39,409.57	12.42
Services	14	(-)54.97	(-)5,406.41	-
Others	4	132.35	253.34	52.24
Total	**65**	**5,379.22**	**46,229.03**	**11.64**

Source: Latest finalised accounts of SPSEs
Note: ROCE in respect of the Manufacturing and Services sectors could not be worked out, as the capital employed therein, was 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 shown in **Table 5.12**.

Table 5.12: Return on Equity

Sector	No. of Working SPSEs	Net Profit/Loss after tax	Shareholders fund[96]	ROE
		(₹ in crore)		(in *per cent*)
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	16.38	200.10	8.19
Finance	9	59.55	3,104.46	1.92
Infrastructure	12	(-)7.19	2,907.71	-
Manufacturing	9	(-)172.86	(-)1,500.44	-
Power	6	1,348.64	18,844.87	7.16
Services	14	(-)446.87	(-)7,972.75	-
Others	4	85.19	162.68	52.37
Total	**65**	**882.84**	**15,746.63**	**5.61**

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 (26.68 *per cent*) and (ii) West Bengal Text Books Corporation Limited[97] (24 *per cent*).

5.16 SPSEs incurring losses

Sector-wise details of working SPSEs which had incurred losses, as per their last audited accounts, are shown in **Table 5.13**.

Table 5.13: SPSEs incurring losses, as per their last audited accounts

Sector	No. of working SPSEs which had incurred losses	Loss after tax (₹ in crore)
Agriculture & Allied	5	(-)36.72
Finance	3	(-)29.79
Infrastructure	3	(-)70.09
Manufacturing	8	(-)174.75
Power	1	(-)0.17
Services	10	(-)504.66
Others	2	(-)16.35
Total	**32**	**(-)832.53**

Source: Latest finalised accounts of SPSEs

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

[97] Subsidiary of Saraswaty Press Limited.

The SPSEs which had incurred significant losses were CSTC[98] (₹ 135.05 crore), SBSTC[99] (₹ 109.43 crore) and WBTC[100] (₹ 91.71 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 distribution, in the State of West Bengal, is mainly carried out by the WBPDCL and WBSEDCL, respectively. 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[101], PGCIL[102], WBSETCL, in the "Trade Payable" head under "Current liabilities", in the books of WBSEDCL, during the last three years, are shown in **Table 5.14**.

Table 5.14: Outstanding dues payable to Power Generation and Transmission Companies

Liability towards power dues	2020-21	2021-22	2022-23	Average payable in last 3 years
	(₹ in crore)			
Liability for purchase of power (WBPDCL & DPL)	9,332.13	7,349.52	9,070.95	8,584.20
Liability for Transmission of Power- PGCIL	208.71	154.52	253.18	205.47
Liability for Transmission of Power-WBSETCL	626.55	572.02	558.2	585.59

Source: Accounts of WBSEDCL

As can be seen from **Table 5.14**, average dues of ₹ 8,584 crore were payable to the Power Generating Companies (WBPDCL & DPL) in the last three years. At the end of 2022-23, the outstanding dues to Power Generating Companies stood at ₹ 9,071 crore. The ageing schedule of Trade payables, in the annual accounts of WBSEDCL for 2022-23, indicated that the outstanding dues, for more than one year, were ₹ 4,328 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. These 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 its financial statements. The APRs of WBSEDCL have been pending with

[98] Calcutta State Transport Corporation
[99] South Bengal State Transport Corporation
[100] West Bengal Transport Corporation
[101] Durgapur Project Limited
[102] Power Grid Corporation of India Limited

WBERC, since 2018-19, as on 31 March 2023. WBERC has increased the average tariff, in the past eight years, from ₹ 6.56 per unit in 2014-15, to ₹ 7.12 per unit in 2022-23, 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 2023, WBSEDCL had accumulated RAs of ₹ 20,014 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 2023, is shown in **Table 5.15**.

Table 5.15: Financial position of WBSEDCL as on 31 March 2023

Sl. No.	Particulars	Amount (₹ in crore)
1.	WB State Govt equity	2,867.29
2.	Reserve & Surplus/Other Equity	471.93
3.	Total Shareholders' Funds/Net Worth (1+2)	3,339.22
4.	Long Term Borrowings from WB Govt	84.46
5.	Stake of West Bengal Government in WBSEDCL (3+4)	3,423.68
6.	Long Term Borrowings other than WB Govt	8,348.58
7.	Turnover/Revenue from Operation	28,608.78
8.	Profit/Loss after tax	21.01
9.	Guarantee on loans by WB Govt upto 2022-23	2,112.99
10.	WB govt subsidy/Grants-in-Aid during 2022-23	770.96

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 the 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 (GoWB), amounting to ₹ 8,348 crore.

Thus, recovery of the Regulatory Assets of ₹ 20,014 crore, seems remote. Further, WBSEDL has outstanding loans of ₹ 8,433 crore, secured by its Fixed Assets and State Government Guarantees.

5.18 Erosion of Capital in SPSEs

'Net worth' refers to 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 5.16** 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 5.16: 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	5	85.99	0.61	(-)750.80	(-)664.20
Finance	2	51.96	-	(-)182.51	(-)130.55
Manufacturing	22	420.99	11.14	(-)4,699.57	(-)4,255.94[103]
Power	3	1,820.38	-	(-)3,550.34	(-)1,729.96
Services	7	53.81	865.36	(-)9,605.93	(-)8,686.76
Others	2	0.99	-	(-)243.81	(-)242.82
Total	**41**	**2,434.12**	**877.11**	**(-)19,032.96**	**(-)15,710.23**

Source: Latest finalised accounts of SPSEs

As can be seen from **Table 5.16**, the manufacturing sector has the maximum number of SPSEs with negative net worth, while the Services sector, which comprises of Transport Companies, has the highest value of negative net worth. The SPSEs which had the highest negative net worth were: (i) CSTC (₹ 3,003 crore) (ii) WBTCL[104] (₹ 2,967 crore) and (iii) Durgapur Projects Limited (₹ 1,726 crore).

Moreover, all 41 SPSEs had entirely eroded their net worth and were dependent 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.

5.19 Erosion of Net Worth of SPSEs

As per the latest finalised accounts, there were 41 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 ₹ 2,415 crore and ₹ 4,396 crore, respectively. Against these SPSEs, up to 2022-23, the net worth had eroded and turned negative for 41 SPSEs. Even though 41 SPSEs had negative net worth, the State Government had provided loans of ₹ 192 crore to 21 of these SPSEs

[103] Money Receipts against share warrants of ₹ 11.50 crore of the 'National Iron & Steel Company (1984) Limited', under the Manufacturing sector, have been considered

[104] West Bengal Transport Corporation Limited

in 2022-23. Further, out of these 21 SPSEs, only two SPSEs had finalized their accounts up to 2022-23. In regard to the remaining nineteen SPSEs, whose net worth had turned negative, the annual accounts had been finalised only up to 2018-19 to 2021-22. 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 ₹ 4,396 crore can be recovered.

During 2022-23, 49 out of 84 SPSEs suffered losses of ₹ 1,078 crore despite cumulative investment of ₹ 6,961 crore. Of these 49 SPSEs, 43 were making losses for the last three years. These SPSEs were making losses for the last three years. Again, negative networth in the 36 out of the above 43 SPSEs, continued in the last three years. In the current year, expenditure from these 36 SPSEs were ₹ 7,763 crore whereas total revenue earned from operations amounted to ₹ 6,849 crore only.

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[105] 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,

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

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 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 2023, as discussed in **Paragraph 5.23**.

5.23 Timeliness in Preparation of Accounts by SPSEs

Accounts for the year 2022-23 were required to be submitted, by all the 84 SPSEs, by 30 September 2023. Details of arrears in submission of accounts of all SPSEs, as of 30 September, during the last five financial years, ending 31 March 2023, are given in **Table 5.17.**

Table 5.17: Details of arrears in submission of accounts of all SPSEs

Finan-cial 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
2018-19	35	35	30	30	08	17	05	21	06	52	49	120
2019-20	07	07	53	53	14	32	05	23	06	58	78	166
2020-21	25	28	32	32	16	38	06	26	07	69	61	165
2021-22	23	26	32	35	16	43	08	31	06	65	62	174
2022-23	22	22	36	36	10	23	09	38	07	66	62	163

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 2023-24, 65 working Companies/Corporations had forwarded 66 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 43 accounts of 42 companies was conducted upto September 2023. Non-review certificates (NRC) were issued against 23 accounts of 23 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 5.18**.

Table 5.18: Gist of significant comments on the accounts of the SPSEs issued from 01.04.2022 to 31.03.2023

Name of SPSEs	Year of audit	Significant observations
Mackintosh Burn Limited	2021-22	'Revenue from Operations' was overstated by ₹ 23.26 crore, due to non accountal of 'construction expenditure', with consequential understatement of "Construction Expenses" and "Revenue from Operations", by ₹ 27.90 crore and ₹ 4.64 crore, respectively.
Greater Calcutta Gas Supply Corporation Limited	2021-22	Share Capital was understated by ₹59.07 crore, due to non-accountal of Share Capital, with consequential overstatement of "Other Current Liabilities" to the same extent.
West Bengal Industrial Development Corporation Limited	2021-22	'Revenue from Contracts with customers' was overstated by ₹ 11.78 crore, due to non-consideration of the abandoned TATA Motors Limited, Singur Project. Consequently, "Other Current Liabilities" were understated by the same amount.
The Durgapur Projects Limited	2021-22	(i) DPL accounted for the sale of fly ash amounting ₹13.25 crore as 'income' under the head 'Other Operating Revenue', during the financial year 2021-22, contravening the Ministry of Environment and Forest's Notification. This has resulted in overstatement of 'Revenue from Operation' and understatement of 'Reserve for Fly Ash Utilisation' by ₹13.25 crore, each with corresponding overstatement of 'Profit for the Period' to the same extent. (ii) 'Regulatory Assets' included ₹ 75.36 crore, being return on equity claimed by DPL for Unit VI, in the APARs for 2016-17 to 2018-19, in contravention to WBERC Regulations. This resulted in overstatement of 'Revenue from Operations' by ₹75.36 crore, as well as overstatement of 'Other Current Assets' (Regulatory Assets). Consequently, 'Accumulated Loss' was also understated to the same extent. Besides, 'Regulatory Assets' also included an amount of ₹ 35.63 crore, being return on equity claimed by DPL for Unit-VII,

Name of SPSEs	Year of audit	Significant observations
		from the years 2011-12 to 2021-22. However, DPL did not account for adjustment entries after executing the settlement agreement. This resulted in overstatement of 'Revenue from Operations' by ₹ 35.63 crore, as well as overstatement of 'Other Current Assets' (Regulatory Assets). Consequently, 'Accumulated Loss' was also understated to the same extent.
West Bengal State Electricity Distribution Company Limited	2021-22	The Company's business is rate-regulated. The annual tariffs (or rates) are to be notified in advance by the WBERC before commencement of each year. These rates are subsequently reviewed, through Annual Performance Reviews (APRs), and adjusted in future years. Accordingly, based on their understanding and interpretation of the regulations notified and past tariff/APR orders issued by WBERC, the Company estimates the quantum of regulatory assets (RAs) to be reflected in their financial statements every year. The accumulated balance of RAs, as at the end of the year 2021-22, was ₹18,330.17 crore. RAs have arisen primarily due to the time lag between submission of petitions for Fuel and Power Purchase Cost Adjustment (FPPCA) and APRs by the Company, to WBERC, and their acceptance, either in part or in full, by WBERC. It was seen that the APRs of the Company had been pending with WBERC since 2018-19, as on 31 March 2022. Para 8.2.2 of The National Tariff Policy, 2016, provides that creation of Regulatory Assets would not be allowed under 'business as usual' conditions. Recovery of outstanding RAs, alongwith carrying the cost of RAs, should be time-bound and within a period not exceeding seven years. WBSEDCL had also continued to account for RAs over the years 'under business as usual' conditions and, as of 31 March 2022, an aggregate amount of ₹18,330.17 crore, had appeared as recoverables, which included RAs since March 2014. Further, WBERC had introduced Monthly Variable Cost Adjustment (MVCA) in April 2011, to avoid accumulation of RAs. In July 2014, it had directed licensees to compute MVCA, taking into consideration the related costs, failing which WBERC would not allow adjustments of RAs in full, during truing up in subsequent APRs. However, the Company had not revised the MVCA rates for the last six years, since July 2016. WBERC had increased the 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. Moreover, the amounts admitted by the WBERC and their recovery through the tariff mechanism, had not been commensurate with the claims booked by the Company, resulting in the amounts of RAs recoverable increasing in every successive year. Besides, the State Government had intimated (July 2021) to WBERC that the current scale of regulatory receivables was so large that it was beyond its means to liquidate RA, as it had done before. The Company has recognised RAs without reasonably considering the past trends of WBERC. Moreover, contrary to WBERC's directions, it had not revised the rate of MVCA since 2016. The State Government has also expressed their inability to liquidate RAs. Consequently, recovery of aggregate accumulated RAs of ₹ 18,330.17 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 Medical Service Corporation Ltd.	2020-21	Non-accounting of payable interest, accrued but not due on loan, as on 31.03.2021, resulted in understatement of other Current Liabilities and overstatement of Profit for the year 2020-21, by ₹ 17.75 crore.
West Bengal	2017-18	Wrong calculation of receivable accrued interest, resulted in overstatement

Name of SPSEs	Year of audit	Significant observations
Minorities and Finance Development Corporation		of Interest Income, under the Profit & Loss account, by ₹ 12.95 crore. This resulted in overstatement of profit.

5.28 Instances of revision of Auditors' Reports, as a result of supplementary audit conducted by the CAG

Instances of revision of Auditors' Reports as a result of supplementary audit conducted by the CAG, are shown in **Table 5.19**.

Table 5.19: Instances of revision of Auditors' Report as a result of supplementary audit

Name of the Corporation	Year	Comment in brief	Brief of revision
West Bengal Small Industries Development Corporation Limited	2020-21	Service connection charges of ₹ 461.87 lakh were paid to WBSEDCL during 2020-21 and the expenditure was booked under assets and depreciation of ₹ 7.66 lakh was charged.	The booking of expenditure of ₹ 461.87 lakh in fixed assets, instead of being charges to the P&L A/c, resulted in overstatement of assets and understatement of other expenditure by ₹ 454.21 lakh (net of depreciation of ₹ 7.66 lakh). Consequently, profit for the year was overstated by an equal amount.
		The deferred tax, i.e. difference between carrying amount of fixed assets, as per the financial statements and the income tax return, was ₹ 2,783.41 lakh. It was booked, considering the Net Book Value of the property, plant and equipment, which included Assets by Grant and WDV thereon. However, for tax purposes, the amount shown under Assets by Grant should have been excluded from the Net Book Value of the said Assets. However, the same was not done, which resulted excess balance of ₹ 330.13 lakh.	The difference between the carrying amount of fixed assets, as per the financial statements, and those as per the Income Tax Act, was arrived at, considering the assets by grant, while computing the net Book value of fixed assets, as per the financial statements, which should not have been included for tax purposes, resulting in excess computation of ₹ 330.09 lakh, under the sub-head, 'difference between the carrying amount of fixed assets in the financial statements and the income tax return', which, consequently, resulted in excess deferred tax credit of ₹ 330.09 lakh to the profit & loss statement, resulting in profit for the year, as well as the total comprehensive income being overstated by ₹ 330.09 lakh and the deferred tax liability (net) being understated by an equal amount.
The Durgapur Projects Limited	2022-23	A. The Company had booked Return on Equity (RoE) of ₹ 75.36 crore for Unit-VI, relating to the years 2016-17 to 2018-19, in deviation of Para 5.6.1.6 of Chapter-5 of the Tariff Regulation-48 of the West Bengal Electricity Regularity	Note nos. 20(i) & 10(e)(i), mention that the company has credited ₹3,690.12 lakh (FY 2021-22 ₹ 18,041.27 lakhs) to the Profit and Loss account and a balance of regulatory assets in respect of financial years from 2014-15 to 2021-22, amounting to ₹ 1,01,450.03 lakh (PY ₹ 97,846.91 lakh), as shown under

Name of the Corporation	Year	Comment in brief	Brief of revision
		Commission (WBERC). B. Other Current Assets included 71.25 crore, pertaining to five expenditure heads, which was disallowed by WBERC, in the APR order for the year 2016-17. Against the APR order for the year 2016-17, the Company had submitted a review petition, on 28 December 2022, but, in the said review petition, the above-mentioned disallowed amount was neither considered by the Company, nor adjusted.	'Regulatory Income' and 'Regulatory Assets', respectively, realisable through the Regulatory Mechanism, as per Regulation of the West Bengal Electricity Regulatory Commission (WBERC). However, the relevant final orders, facilitating the credit, had not yet been received from WBERC. In case of any variations in the order of WBERC, as against the amount estimated by the Company, there may be change in the balances of accumulated losses and regulatory assets. M/s. DPL has submitted review petition against the APR orders of 2014-15, 2015-16 and 2016-17 before Hon'ble Commission. Any adjustments, if required, will be given in the financial statement, upon receipt of the orders of the review petitions, the impact of which has not been assessed and recognised by the Company, and, therefore we are unable to comment on the impact thereof on the profits/Retained Earnings.
The Durgapur Projects Limited	2022-23	The Company had not accounted for the interest on Electricity Duty, amounting to ₹ 3,126.39 lakh, for the period 01/04/2018 to 29/03/2019, due to delayed payment of the principal amount of outstanding electricity duty, in terms of clause 5A (1) of the Bengal Electricity Duty Act, 1935.	The company has not provided for interest on Electricity Duty, for the period from 01/04/2018 to 29/03/2019, due to delayed payment of the principal amount of outstanding electricity duty as on 01/04/2018, which was paid on 29/03/2019, in anticipation of getting waiver of the interest from the appropriate authority of Government, in line with earlier years.
		For the year 2021-22, the Company had accounted for sale of fly ash of ₹ 13.25 crore, as income, under the head 'Other Operating Revenue', in deviation of the Ministry of Environment and Forest's Notification, which resulted in overstatement of 'Revenue from Operations' and understatement of 'Reserve for Fly Ash Utilisation', by ₹ 13.25 crore, each. Against the above, corrective entry was not passed by the Company in 2022-23.	As per Note 2(iii), the company had changed the accounting policy, from the financial year 2022-23, for accounting of sale of fly ash and had accounted for the amount so collected, net of expenses, for the year 2022-23, under the "Fly ash utilization reserve fund", in accordance with the guidelines issued by MOE&F dated 3rd November 2009. However, no accounting effect was given for the previous financial years.

The statutory auditors' reports, on Financial Statements of two SPSEs, were revised as a result of supplementary audit of the Financial Statements conducted by the C&AG as shown in **Table 5.19**.

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 the latest finalised accounts, as on 30 November 2023, 'management letters' were issued to 12 SPSEs, as shown in **Table 5.20**.

Table 5.20: List of SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Year of Accounts Finalised)
1	West Bengal Industrial Development Corporation Limited (2020-21)
2	West Bengal Essential Commodities Supply Corporation Limited (2016-17)
3	West Bengal State Warehousing Corporation (2017-18)
4	West Bengal State Warehousing Corporation (2018-19)
5	North Bengal State Transport Corporation (2018-19)
6	North Bengal State Transport Corporation (2019-20)
7	West Bengal Minorities Development & Finance Corporation (2017-18)
8	West Bengal Medical Service Corporation Ltd. (2020-21)
9	West Bengal Swarojgar Corporation Limited (2019-20 & 2020-21)
10	Gluconate Health Limited (2019-20)
11	Electro Medical & Allied Industries Limited (2020-21)
12	West Bengal Women Development Undertaking (2019-20)

5.30 Recommendations

1. *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 the financial statements of SPSEs, in a time-bound manner.*
2. *State Government may review the SPSEs whose Net Worth has been eroded and take appropriate decision on their revival/winding up.*
3. *The Administrative Departments overseeing the SPSEs, having backlog of accounts, may undertake concerted efforts to ensure that the SPSEs finalise and adopt their accounts within the stipulated time.*

Kolkata
Dated 1 6 MAY 2024

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

Countersigned

New Delhi
Dated 2 4 MAY 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 1.1

*(Refer Paragraph **1.2** in Chapter I)*

A Brief Profile of West Bengal

A. General Data

Sl. No.	Particulars		Figures
1.	Area (India: 32,87,469 sq. km)*		88,752 sq. km
2.	Population^		
	a.	in 2012 (All India: 123.22 crore)	9.23 crore
	b.	in 2022 (All India: 137.98 crore)	9.88 crore
3.	Density^ of Population (as per 2011 Census) (All India Density: 422.26 persons/sq. km.)		1,116.41 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 (2016-20)[&] (All India Average: 70.00 years)		72.30 years
8.	Gross State Domestic Product (GSDP) 2022-23 at current prices**		₹ 15,54,992 crore
9.	Per capita GSDP* (Per capita GDP of India: ₹ 1,96,983)		₹ 1,57,254
10.	Per capita GSDP CAGR (2013-14 to 2022-23)* (All India: 9.12 *per cent*)		9.02 *per cent*
11.	GSDP CAGR (2013-14 to 2022-23)* (All India: 10.34 *per cent*)		9.68 *per cent*
12.	Population Growth (2012-22)^ (All India: 11.98 *per cent*)		7.04 *per cent*

B. Financial Data

Sl. No.	Particulars	2020-21 to 2021-22		2021-22 to 2022-23	
	Growth Rate	General States	West Bengal	General States	West Bengal
a.	of Revenue Receipts	25.59	20.06	13.41	9.76
b.	of Own Tax Revenue	25.62	17.91	19.78	17.62
c.	of Non-Tax Revenue	44.81	(-)67.49	12.94	30.00
d.	of Total Expenditure	14.00	18.38	12.53	7.29
e.	of Capital Expenditure	28.23	34.14	14.18	25.88
f.	of Revenue Expenditure on Education	11.47	5.97	13.21	10.52
g.	of Revenue Expenditure on Health	19.71	31.44	0.88	(-)6.42
h.	of Salary and Wages	11.82	4.80	8.52	1.56
i.	of Pension	11.88	24.69	11.38	(-)7.69
j.	of Subsidies	18.29	34.60	15.24	2.56

[#]*Census 2011*
[*]*Ministry of Statistics and Programme Implementation*
[**]*SRS Bulletin*
[***]*SRS Abridged Life Tables 2016-20, Page No. 6*
[$]*GSDP figure released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 01 August 2023*
[^] *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 **2.5.2.1** and **2.7** in Chapter II)*

Time Series Data on the State Government Finances

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
		(₹ in crore)				
Part A. Receipts						
1	Revenue Receipts	1,45,975	1,42,914	1,48,394	1,78,159	1,95,544
(i)	Own Tax revenue	60,732	60,669	60,287	71,082	83,608
(a)	Goods and Service Tax	27,067	27,307	26,013	31,271	37,967
(b)	Taxes on Agricultural Income	1	1	0	0	0
(c)	Taxes on Sales, Trade, etc.	7,813	7,161	9,394	9,951	11,840
(d)	State Excise	10,622	11,232	10,666	13,542	16,266
(e)	Taxes on Vehicles	2,563	2,601	2,336	2,647	3,392
(f)	Stamps and Registration Fees	5,620	6,026	5,528	7,366	6,876
(g)	Land Revenue	2,847	2,728	2,756	2,743	3,173
(h)	Other taxes	4,199	3,613	3,594	3,562	4,094
(ii)	Non-Tax Revenue	3,657	3,213	5,198	1,690	2,197
(iii)	State's share of Union taxes and duties	55,776	48,048	44,737	65,541	71,435
(iv)	Grants-in-Aid from GoI	25,810	30,984	38,172	39,846	38,304
2	Misc. Capital Receipts	692	0	0	0	0
3	Recovery of Loans & Advances	804	67	150	58	82
4	Non-debt receipts (1+2+3)	1,47,471	1,42,981	1,48,544	1,78,217	1,95,626
5	Public Debt Receipts	70,197	75,699	75,429	77,581	70,243
(i)	Internal Debt	69,019	73,682	68,999	69,066	65,132
(a)	Internal Debt (excluding Ways and Means Advances and Overdrafts)	44,014	57,822	60,844	68,873	65,132
(b)	Ways and Means Advances and Overdrafts	25,005	15,860	8,155	193	0
(ii)	Loans and Advances from GoI	1,178	2,017	6,430	8,515	5,111
6	Total receipts in the Consolidated fund (4+5)	2,17,668	2,18,680	2,23,973	2,55,798	2,65,869
7	Contingency Fund Receipts	0	0	12	0	180
8	Public Account Receipts	2,32,785	2,29,078	2,42,473	2,79,489	2,93,555
9	Total Receipts of the State (6+7+8)	4,50,453	4,47,758	4,66,458	5,35,287	5,59,604
Part B. Expenditure/Disbursement						
10	Revenue Expenditure	1,56,374	1,62,575	1,77,921	2,10,159	2,22,839
	General Services (including Interest Payments)	56,865	61,931	70,684	78,495	79,254
	Social Services	68,764	73,089	78,847	1,02,475	1,15,569
	Economic Services	30,256	27,105	27,941	28,835	27,608
	Grants-in-Aid and contribution	489	450	449	354	408
11	Capital Expenditure	23,717	15,971	13,034	17,484	22,009

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
		(₹ in crore)				
	General Services	927	748	546	545	655
	Social Services	7,324	5,439	3,950	7,437	9,952
	Economic Services	15,466	9,784	8,538	9,502	11,402
12	Disbursement of Loans & Advances	865	1,266	2,277	1,102	565
13	Total (10+11+12)	1,80,956	1,79,812	1,93,232	2,28,745	2,45,413
14	Repayment of Public Debt	45,786	40,413	26,890	31,540	29,768
	Internal Debt	44,733	39,282	25,446	30,218	28,201
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	19,728	23,422	17,291	30,025	28,201
	Ways and Means Advances and Overdrafts	25,005	15,860	8,155	193	0
	Loans and Advances from GoI	1,053	1,131	1,444	1,322	1,567
15	Appropriation to Contingency Fund	0	0	0	0	180
16	Total Disbursement out of Consolidated Fund (13+14+15)	2,26,742	2,20,225	2,20,122	2,60,285	2,75,361
17	Contingency Fund Disbursements	1	11	7	52	-48
18	Public Accounts Disbursements	2,24,962	2,19,463	2,39,748	2,74,594	2,84,854
19	Total disbursement by the state (16+17+18)	4,51,705	4,39,699	4,59,877	5,34,931	5,60,167
Part C. Deficits						
20	Revenue Deficit (1-10)	-10,399	-19,661	-29,527	-32,000	-27,295
21	Fiscal Deficit (4-13)	-33,485	-36,831	-44,688	-50,528	-49,787
22	Primary Deficit (21-23)	-4,574	-5,163	-10,906	-13,856	-9,769
Part D. Other data						
23	Interest Payment	28,911	31,668	33,782	36,672	40,018
24	Arrears of Revenue	NA	NA	NA	NA	NA
25	Financial Assistance to Local Bodies etc.	57,589	61,622	63,131	79,966	96,081
26	Ways and Means Advances/Overdrafts availed (days)	149	107	56	1	0
27	Interest on WMA/Overdrafts	21	11	3	0 (Actual ₹0.02 lakh)	0
28	GSDP (At current prices)	11,02,054	11,79,097	11,55,821	13,63,926	15,54,992
29	Outstanding Fiscal Liabilities (year-end)	3,93,300	4,33,475	4,86,430*	5,36,478*	5,85,169
	Guarantees including interest	6,623	8,212	7,821	16,885	17,677
30	Outstanding Guarantees (year-end) (Principal)	6,593	8,178	7,728	16,885	17,677
	Outstanding Guarantees (year-end) (Interest)	30	34	93	0	0
31	Maximum amount guaranteed	16,050	14,228	15,292	15,129	10,300
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						
Resource Mobilisation						
34	Own Tax Revenue/GSDP	0.055	0.051	0.052	0.052	0.054
35	Own Non-Tax Revenue/GSDP	0.003	0.003	0.004	0.001	0.001

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
		(₹ in crore)				
36	Central Tax/GSDP	0.051	0.041	0.039	0.048	0.046
Expenditure Management						
37	Total Expdr./GSDP (%)	16.42	15.25	16.72	16.77	15.78
38	Total Revenue Expdr./Receipts (%)	107.12	113.76	119.90	117.96	113.96
39	Revenue Expdr./Total Expdr. (%)	86.42	90.41	92.08	91.87	90.80
40	Expdr. on Social Service (Total)	76,462	78,983	84,804	1,10,207	1,25,823
41	Expdr. on SS/TE (%)	42.25	43.93	43.89	48.18	51.27
42	Expdr. on Eco. Service (Total)	46,212	37,697	36,747	39,143	39,271
43	Expdr. on ES/TE (%)	25.54	20.96	19.02	17.11	16.00
44	CE/TE (%)	13.11	8.88	6.75	7.64	8.97
45	CE on Social and Eco. Service	22,790	15,223	12,488	16,939	21,354
46	CE on SS and ES/TE (%)	12.59	8.47	6.46	7.41	8.70
Management of Fiscal Imbalances						
47	Revenue Deficit/GSDP (%)	0.94	1.67	2.55	2.35	1.76
48	Fiscal Deficit/GSDP (%)	3.04	3.12	3.87	3.70	3.20
49	Primary Deficit/GSDP (%)	0.42	0.44	0.94	1.02	0.63
50	Revenue Deficit/Fiscal Deficit (%)	31.06	53.38	66.07	63.33	54.82
51	Primary Revenue Balance	18,512	12,007	4,255	4,672	12,723
52	Primary Revenue Balance/GSDP	0.017	0.010	0.004	0.003	0.008
Management of Fiscal Liabilities						
53	Fiscal liabilities/GSDP (%)	35.69	36.76	41.70[#]	38.86[#]	37.63
54	Fiscal Liabilities/RR (%)	269.43	303.31	324.81[#]	297.52[#]	299.25
55	Debt Receipts (Total)	1,61,383	1,81,007	1,86,034	1,97,690	1,91,795
56	Debt Payment (Total)	1,29,044	1,40,832	1,33,079	1,47,642	1,43,105
57	Total Debt Redemption (Principal+Interest)	1,57,955	1,72,500	1,66,861	1,84,314	1,83,123
58	Debt Redemption (Principal+Interest)/Total debt receipts	0.98	0.95	0.90	0.93	0.95
Other Fiscal health Indicators						
59	Return on Investment (%)	0.28	0.46	0.01	0.85	0.86
60	Financial Assets/Liabilities	0.38	0.39	0.39	0.39	0.39
61	IP/RR	19.81	22.16	22.77	20.58	20.46

Source: Finance Accounts

[*] *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.*

[#] *The Debt to GSDP and Debt to Revenue Receipt ratios during 2020-21 & 2021-22 were 42.09 & 39.33 per cent and 327.80 & 301.12 per cent respectively. However, the effective debt to GSDP ratios were 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.*

APPENDIX 2.2

*(Refer Paragraph **2.7.1** in Chapter II)*

Details of funds which had been transferred to deposit accounts of State PSUs/Development Authorities/Autonomous Bodies/Societies/Local Bodies

Sl. No.	Description of Head of Account (HoA)	Expenditure	Fund transferred to Deposit Account out of Expenditure	Deposits *w.r.t.* Expenditure (In *per cent*)
		(A)	(B)	(C) = (B/A*100)
		(₹ in crore)		
1.	3604- Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	407.96	407.83	99.97
2.	4405- Capital Outlay on Fisheries	17.33	17.30	99.83
3.	4435 – Capital Outlay on Other Agricultural Programmes	21.45	20.85	97.20
4.	3055- Road Transport	957.71	930.65	97.17
5.	4404- Capital Outlay on Dairy Development	0.37	0.36	97.30
6.	4403- Capital Outlay on Animal Husbandry	126.57	120.50	95.20
7.	2551- Hill Areas	975.49	928.26	95.16
8.	2852- Industries	78.69	57.57	73.16
9.	4885- Other Capital Outlay on Industries and Mineral	158.94	135.32	85.14
10.	5452- Capital Outlay on Tourism	68.57	51.57	75.21
11.	4408- Capital Outlay on Food Storage & Ware-housing	36.14	26.50	73.33
12.	68 Multiple Head of Accounts	2,29,851.42	29,498.59	12.83
	Total	**2,32,700.64**	**32,195.30**	**13.84**

Source: VLC data

APPENDIX 2.3

*(Refer Paragraph **2.8.5** in Chapter II)*

Details of disbursement of State-sponsored scheme funds through the Bank Accounts during 2022-23

Sl. No.	Name of State-sponsored scheme	Major Head of Account	Amount (₹ in crore)
1.	Lakshmir Bhandar	2235	11,980.28
2.	Old Age Pension Scheme under Jai Bangla	2235	1,378.48
3.	Old Age Pension Scheme under Jai Bangla	2235	555.83
4.	Honorarium to Priests	2235	33.59
5.	Manabik Pension	2235	717.20
6.	Lokprasar Prakalpa	2235	246.36
7.	Widow Pension Scheme	2235	1,686.85
8.	Samajik Suraksha Yojana	2235	183.00
9.	Taposili Bandhu Old Age Pension Scheme to SCs	2225	1,250.35
10.	Talent Support Programme	2225	955.00
11	Krishak Bandhu Scheme	2401	4,995.23
Total			**23,982.27**

Source: VLC data

APPENDIX 2.4

*(Refer Paragraph **2.9.3(v)** in Chapter II)*

List of non-Government DDOs, who had drawn funds related to Capital Expenditure (₹ 10 crore and above) during 2022-23

Sl. No.	DDO Description	Funds drawn (₹ in crore)
1.	Director, State Urban Development Agency	2,316.75
2.	Secretary, Kolkata Metropolitan Development Authority	775.86
3.	Municipal Commissioner, Kolkata Municipal Corporation	275.70
4.	Managing Director, West Bengal Industrial Development Corporation Limited	116.08
5.	Accounts Officer, Paschimanchal Unnayan Parshad	98.15
6.	Managing Director, West Bengal Transport Infrastructure Development Corporation Limited	48.90
7.	Executive Officer, Purba Medinipur Zilla Parishad	38.11
8.	Executive Director (Finance), West Bengal Power Development Corporation Limited	27.34
9.	Chief Accounts Officer, West Bengal Small Industries Development Corporation Limited	27.31
10.	Finance Controller and Chief Accounts Officer, Hooghly Zilla Parishad	25.09
11.	West Bengal State Warehousing Corporation Limited	21.99
12.	Finance Officer, Jhargram Municipality	19.78
13.	Finance Officer, Jiaganj-Azimganj Municipality	19.00
14.	Chief Executive Officer, Siliguri Jalpaiguri Development Authority, Siliguri	12.95
15.	General Manager (Finance and Accounts), West Bengal Tourism Development Corporation Limited	12.90
16.	Sub-Divisional Officer, Chandannagar and Member Secretary, Tarakeswar Development Authority	12.10
17.	Financial Advisor and Chief Accounts Officer, Hooghly River Bridge Commissioners	10.27

Source: VLC data, O/o the AG (A&E), WB

APPENDIX 2.5

*(Refer Paragraph **2.12.2** in Chapter II)*

Adverse Balances in Deposit Accounts, as on 31 March 2023

Sl. No.	Head of Account	Sub Head Description	Closing Balance as on 31.03.2023 (₹ in crore)
1.	8448-00-120-020	Kolkata Metropolitan Development Authority (KMDA)	(-)792.20
2.	8448-00-120-010	Pension Deposit Account of Local Library Authority	(-)275.55
3.	8448-00-110-002	Secondary Education	(-)51.82
4.	8448-00-110-014	Aliah University	(-)32.79
5.	8448-00-120-029	Digha Development Authority	(-)27.44
6.	8448-00-120-012	District Rural Development Authority Fund (DRDA)	(-)21.20
7.	8448-00-110-013	W. B. Council of H. S. Education	(-)9.82
8.	8448-00-110-008	District Primary Education Fund	(-)9.26
9.	8448-00-109-005	Pension Deposit Fund for D. R. D. Cell of Z.P./M.P.	(-)6.69
10.	8448-00-105-001	Calcutta State Transport Corporation	(-)4.07
11.	8448-00-120-011	District Urban Development Agency Fund (DUDA)	(-)1.63
12.	8448-00-120-014	Kolkata Improvement Trust (K.I.T.)	(-)1.41
13.	8448-00-120-005	Village Industries Fund	(-)1.21
14.	8448-00-120-002	Zoological Garden Fund	(-)1.14
15.	8448-00-120-024	Other Funds	(-)1.09
16.	8448-00-120-027	Primary Education	(-)0.99
17.	8448-00-120-068	Pension Deposit Fund for Darjeeling Gorkha Autonomous Hill Council Employees	(-)0.70
18.	8448-00-120-071	Uttar Dinajpur District Implementation Committee for National Project for Water Bodies	(-)0.55
19.	8448-00-105-002	W. B. Surface Transport Corporation	(-)0.34
20.	8448-00-120-030	Anchalik Parishad Fund/Panchayat Samiti Fund	(-)0.33
21.	8448-00-110-004	Post-Graduate Education	(-)0.17
22.	8448-00-120-087	West Bengal Madrasah Service Commission	(-)0.13
23.	8448-00-120-059	Special Fund for Relief & Rehabilitation of Ex-Servicemen	(-)0.10
24.	8448-00-120-008	Nabakustha Niwas Fund	(-)0.04
25.	8449-00-120-010	Deposit Account of Grant made out of Chief Ministers Discretionary Fund	(-)3.28
Total			**(-)1,243.96**

Source: VLC data, O/o the AG (A&E), WB

APPENDIX 3.1

*(Refer Paragraph **3.3.6** in Chapter III)*

Budget Utilisation during the year 2022-23

Sl. No.	Grant/Appropriation No. and Name (A)	Total Provision (B)	Expenditure (C)	Utilisation of fund (in *per cent*) (D)=(C/B*100)
		(₹ in crore)		
1.	01-Legislative Assembly Secretariat	94.81	76.33	80.51
2.	02-Governor's Secretariat	21.31	13.86	65.04
3.	03-Council of Ministers	44.42	44.38	99.91
4.	04-Agricultural Marketing	403.30	121.22	30.06
5.	05-Agiculture	9,363.61	7,995.07	85.38
6.	06-Animal Resources Development	1,256.99	964.08	76.70
7.	07-Backward Classes Welfare	2,174.82	2,016.27	92.71
8.	08-Cooperation	649.29	540.33	83.22
9.	10-Consumer Affairs	118.32	102.93	86.99
10.	11-Micro, Small & Medium Enterprises and Textiles	1,157.35	539.55	46.62
11.	14-Mass Education Extension & Library Services	385.68	230.42	59.74
12.	15-School Education	34,559.51	34,510.79	99.86
13.	16-Environment	98.97	30.17	30.48
14.	18-Finance	1,27,557.41	95,960.45	75.23
15.	19-Fire & Emergency Services	448.56	301.21	67.15
16.	20-Fisheries	498.60	235.42	47.22
17.	21-Food & Supplies	15,004.63	14,533.33	96.86
18.	22-Food Processing Industries and Horticulture	226.04	105.53	46.69
19.	23-Forests	945.65	636.42	67.30
20.	24-Health and Family Welfare	18,525.41	16,874.59	91.09
21.	25-Public Works	8,037.51	7,054.90	87.77
22.	28-Housing	271.06	184.64	68.12
23.	30-Information & Cultural Affairs	836.18	546.72	65.38
24.	31-Information Technology & Electronics	243.94	775.08	317.73
25.	32-Irrigation and Waterways	3,773.77	2,514.95	66.64
26.	33-Correctional Administration	360.68	335.86	93.12
27.	34-Judicial	1,214.91	1,086.55	89.43
28.	35-Labour	1,098.07	779.66	71.00
29.	37-Law	18.75	14.80	78.93
30.	38-Minority Affairs and Madrasah Education	4,999.91	2,808.34	56.17
31.	40-Panchayats and Rural Development	26,301.53	14,586.34	55.46
32.	41-Parliamentary Affairs	20.36	14.32	70.33
33.	42-Personnel and Administrative Reforms	374.77	252.47	67.37
34.	43-Power	4,064.57	3,349.65	82.41
35.	45-Public Health Engineering	3,943.80	3,644.12	92.40
36.	49-Youth Services and Sports	749.82	147.70	19.70

Sl. No.	Grant/Appropriation No. and Name (A)	Total Provision (B)	Expenditure (C)	Utilisation of fund (in *per cent*) (D)=(C/B*100)
		(₹ in crore)		
37.	50-Sunderban affairs	587.45	206.68	35.18
38.	51-Technical Education, Training & Skill Development	1,286.20	695.12	54.04
39.	52-Tourism	467.95	124.22	26.55
40.	53-Transport	2,232.82	1,428.01	63.96
41.	55-Water Resources Investigation & Development	1,495.08	1,093.16	73.12
42.	58-Paschimanchal Unnayan Affairs	693.56	188.10	27.12
43.	59-Self-Help Groups & Self-Employment	720.84	65.25	9.05
44.	61-Chief Minister's Office	10.34	8.67	83.85
45.	62-North Bengal Development	797.43	239.59	30.05
46.	65-Tribal Development	1,119.64	662.73	59.19
47.	68-Home and Hill Affairs	14,215.84	11,527.89	81.09
48.	69-Land & Land Reforms and Refugee Relief & Rehabilitation	1,467.52	1,030.71	70.23
49.	70-Higher Education	5,816.14	6,167.17	106.04
50.	71-Planning and Statistics	523.10	353.79	67.63
51.	72-Urban Development and Municipal Affairs	15,016.97	15,646.82	104.19
52.	73-Disaster Management and Civil Defence	3,512.76	2,038.01	58.02
53.	74-Women & Child Development and Social Welfare	20,249.86	22,864.25	112.91
54.	75-Industry, Commerce and Enterprises	1,346.51	274.39	20.38
55.	76-Science & Technology and Biotechnology	72.09	31.11	43.15
56.	77-Programme Monitoring	4.58	0.00	-
57.	78-Non-Conventional and Renewable Energy	75.28	16.66	22.13
58.	79-Public Enterprises and Industrial Reconstruction	72.29	30.20	41.78
Total		**3,41,628.56**	**2,78,620.98**	**81.56**

Source: Appropriation Accounts

APPENDIX 4.1

*(Refer Paragraph **4.7.3** in Chapter IV)*

Funds lying in inoperative PD Accounts for periods exceeding two years

Sl. No.	Scheme description	Amount (in ₹)
District Magistrate, Nadia		
1.	Deposit of Rent	10,76,218
2.	Infrastructure Development of Kiritinagar	74,10,740
3.	PBSSD	4,63,880
4.	FCI (Lifting of Food)	49,46,800
	Total	**1,38,97,638**
District Magistrate, Purulia		
1.	UNICEF	10,000
2.	Infrastructure Dev. Program	63,627
3.	Dev. BMS (Mid-Day-Meal)	5,51,725
4.	Election, Photo I.D. & DPC Fund	1,55,656
5.	M.V.Computer	9,415
6.	D.I. of Schools	10,00,000
7.	Finance Commission (Non-SWM)	81,400
8.	Kanyashree Prakalpa	5,97,783
	Total	**24,69,606**
District Magistrate, Birbhum		
1.	Various Infrastructural	9,90,000
2.	Ist Opening Deposit For Pl	27,000
3.	Census Operation	20,61,215
4.	Contingency Purpose 040	7,631
5.	Prize Dist. Cere. For Inter Sch.	36,32,261
6.	Unclassified Amount040_040	1,17,453
7.	Fund Of Food & Supply For	21,95,849
8.	Development Fund of D.M.	31,98,180
9.	Gitanjali Housing Scheme - Amar	10,32,425
10.	Patharchapuri Mela	7,05,000
11.	Motor Vehicles	11,108
	Total	**1,39,78,122**
District Magistrate, Paschim Medinipur		
1.	R.T.I. D.M's.P.L.A/C in 8443	7,500
2.	Grant-in-Aid Bill in c/w Motor Driving Tran. For the Youth of LWE Block	1,64,750
3.	DM's PL A/c MA&MED	5,000
4.	DM's P/L A/c Conducting fire prevention & Fire awareness Prog.	1,56,845
5.	DM's PL A/c NFSA form 3 Data entry purpose Banker Cheque	2,154
6.	DM's PL A/c Observation of World Food Day 2017 under NFSA Banker Cheque	3,595
7.	DM's PL A/c refund of fund by E.E. Elec. PW Dte. Pas. Mid. For work of 7	4,17,404

Sl. No.	Scheme description	Amount (in ₹)
	nos. 40 KV DG set at SDH, PH, and PHC.	
8.	DM's PL A/c Skilled Dev. training of SHG &SE Banker Cheque	738
9.	DM's PL A/C for Road Safety Programme Banker Cheque	406
10.	DM's PL A/C BT credit for other charges	54,174
11.	Cheque No 771664 dt 30.12.19 DM's PL A/c (Misc.)	12,863
12.	DM's PL A/c BT credit for (Misc.)	12,10,323
13.	DM's PL A/c BT credit for (Misc.)	5,12,529
14.	DM's PL A/c BT credit for (Misc.)	6,32,922
15.	DM's PL A/c BT credit for (Misc.)	3,95,140
16.	DM's PL A/c BT credit for (Misc.)	5,29,866
17.	DM's PL A/c BT credit for (Misc.)	1,86,282
18.	DM's PL A/c BT credit for (Misc.)	5,75,782
19.	DM's PL A/c BT credit for (Misc.) (SHG&SE)	600
	Total	**48,68,873**
District Magistrate, Malda		
1.	Beautification of Malda Youth Hostel	5,00,000
2.	Dev & Tourism of individual spot (Gour, Adina, etc.)	16,214
3.	Improvement of road under Tourism Deptt	3,979
4.	Campus works, Stadium, Playground etc under 2204	4,13,631
5.	Misc.	3,650
6.	Uttar Banga Unnyan Parishad	17,49,493
7.	Food and Supplies	89,426
8.	Misti Mela, Malda	823
9.	Preparation & Publication of Malda district Gazetteers	17,76,000
10.	Survey of Wakf Estates under DL&LRO, Malda	10,207
11.	Upgradation of Labour Room, OT, Water facility and others 2017-18	20,21,722
12.	Prevention and control of vector borne disease	1,15,603
13.	EOA & PCR act for the Backward Classes & Tribal	7,694
14.	Security money of Jungle Kannay	10,000
15.	Transportation Operation Improvement Programme, Road Safety, Setting up of Check Post	43,26,399
	Total	**1,10,44,841**
District Magistrate, Cooch Behar		
1.	Infrastructure for offices & Res of DM, ADM	88,612
2.	Social Welfare	35,094
3.	ICDS Programme	1,95,300
4.	Development of D.P. Colonies	18,248
5.	Health System Dev. Project	7,800
6.	Minor Works Grants	37,972
7.	Economic Census during 1998-99 & 2011	2,449
8.	Prasad Utsav 2005	55,526
9.	MSK	3,983
10.	Self Help Group & Self Employment	52,147
11.	Human Development Programme	33,543
12.	Pre-Matric Scholarship to ST Students	1,226
13.	Fund for Food and Supply	1,27,623

Sl. No.	Scheme description	Amount (in ₹)
14.	Training of TDTCS	3,439
15.	Outreach Training Programme on Disaster	2,05,166
16.	Fund for Circuit House, Cooch Behar	3,235
17.	Training of Pradhans & UPA	6,85,792
18.	Sarada Scheme	1,440
19.	Bio-Technology scheme	25,000
20.	Economic Rehabilation Grant	10,000
21.	Global Positioning System	20,000
22.	Kanyashree Prakalpa	1,073
23.	Fund for Non-KMA ULBs	1,175
24.	MLA Quota Clothing etc	1,01,671
25.	EWS- Housing Scheme Gitanjali	1,11,539
26.	Constn.-Girls' Hostel (CBR)- Minority	37,438
27.	Control & Containment of A.I.	31,033
Total		**18,97,524**
Grand Total		**4,81,56,604**

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 2023		Impact of outstanding on cash balance
		Dr.	Cr.	
		(₹ in crore)		
8658-Suspense Account				
1	101-PAO Suspense Ministry of Transport and Highways	174.75	13.66	Cash balance will increase on settlement
	Net	161.09 (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)	41.52	(-) 0.70	Cash balance will increase on settlement
	Net	42.22 (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	2.77	(-)7.61	Cash balance will increase o settlement
	Net	10.38 (Dr.)		
2	102-Suspense Account (Civil) Account with Defence	203.35	198.26	Cash balance will increase on settlement
	Net	5.09 (Dr.)		
	102-Suspense Account (Civil) Eastern Railway	4.22	4.49	Cash balance will decrease on settlement
	Net	0.27 (Cr.)		
	102-Suspense Account (Civil) South Easter Railway	15.87	16.95	Cash balance will decrease on settlement
	Net	1.08 (Cr.)		
	102-Suspense Account (Civil) Other Railway Accounts	2.34	1.67	Cash balance will increase on settlement
	Net	0.67 (Dr.)		
	102-Suspense Account (Civil) Un credited amount under e-Payment	2,293.98	2,501.53	Cash balance will decrease on settlement
	Net	207.55 (Cr.)		
3	109-Reserve Bank Suspense-Headquarters	-5.53	33.93	Cash balance will decrease on settlement
	Net	39.46 (Cr.)		

4	123-A.I.S. Officer Group Insurance Scheme	5.38	3.41	Cash balance will increase on settlement
	Net	1.97s (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	20.49	0.28	Cash balance will increase on settlement
	Net	20.21 (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. 2022-23	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	4	Yes	23/09/2022
2.	West Bengal Building and other Construction Workers Welfare Board	19(2)	2021-22	1	Yes	----
3.	West Bengal State Legal Services Authority	19(2)	2019-20	3	Yes	23/09/2022
4.	District Legal Service Authority, Kolkata	19(2)	Nil	25	Yes	23/09/2022
5.	District Legal Service Authority, Bankura	19(2)	2019-20	3	Yes	23/09/2022
6.	District Legal Service Authority, Birbhum	19(2)	2013-14	9	Yes	23/09/2022
7.	District Legal Service Authority, Purba Bardhaman	19(2)	2021-22	1	Yes	23/09/2022
8.	District Legal Service Authority, Coochebhar	19(2)	2019-20	3	Yes	23/09/2022
9.	District Legal Service Authority, Darjeeling	19(2)	2019-20	3	Yes	23/09/2022
10.	District Legal Service Authority, Uttar Dinajpur	19(2)	2019-20	3	Yes	23/09/2022
11.	District Legal Service Authority, Dakshin Dinajpur	19(2)	2021-22	1	Yes	---
12.	District Legal Service Authority, Hooghly	19(2)	2021-22	1	Yes	---
13.	District Legal Service Authority, Howrah	19(2)	2008-09	14	Yes	23/09/2022
14.	District Legal Service Authority, Jalpaiguri	19(2)	2019-20	3	Yes	23/09/2022
15.	District Legal Service Authority, Malda**	19(2)	2012-13	10	Yes	23/09/2022
16.	District Legal Service Authority, Purba Medinipur	19(2)	2020-21	2	Yes	23/09/2022
17.	District Legal Service Authority, Paschim Medinipur	19(2)	2021-22	1	Yes	23/09/2022
18.	District Legal Service Authority, Murshidabad	19(2)	2017-18	5	Yes	23/09/2022
19.	District Legal Service Authority, Nadia	19(2)	2020-21	2	Yes	23/09/2022
20.	District Legal Service Authority, Purulia	19(2)	2019-20	3	Yes	23/09/2022
21.	District Legal Service Authority, North 24 Parganas	19(2)	2019-20	3	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. 2022-23	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	25	Yes	23/09/2022
23.	District Legal Service Authority, Paschim Bardhaman	19(2)	---#	4	Yes	23/09/2022
24.	District Legal Service Authority, Jhargram	19(2)	---#	3	Yes	23/09/2022
25.	District Legal Service Authority, Kalimpong	19(2)	---#	3	Yes	23/09/2022
26.	W.B. University of Animal & Fishery Sciences	19 (3)	2018-19	4	Yes	04/07/2023
27.	W.B. Veterinary Council	19 (3)	2021-22	1	Yes	04/07/2023
28.	West Bengal Commission for Backward Classes	19 (3)	2021-22	1	Yes	23/09/2022
29.	West Bengal Commission for Women	19 (3)	2021-22	1	Yes	23/09/2022
30.	West Bengal Unorganised Sector Workers' Welfare Board	19 (3)	2018-19	4	Yes	16/12/2022
31.	West Bengal Comprehensive Area Development Corporation	19 (3)	2017-18	6	Yes	18/07/2023
32.	West Bengal Central School Service Commission	20 (1)	2013-14	9	Yes	23/09/2022
33.	West Bengal Regional School Service Commission (Eastern Region)	20 (1)	2016-17	6	Yes	23/09/2022
34.	West Bengal Regional School Service Commission (Northern Region)	20 (1)	2014-15	8	Yes	23/09/2022
35.	West Bengal Regional School Service Commission (Southern Region)	20 (1)	2014-15	8	Yes	23/09/2022
36.	West Bengal Regional School Service Commission (Western Region)	20 (1)	2016-17	6	Yes	23/09/2022
37.	West Bengal Regional School Service Commission (South-Eastern Region)	20 (1)	2016-17	6	Yes	23/09/2022
38.	West Bengal State Council of Technical Education$	20 (1)	2003-04	12	No (upto 2015-16)	23/09/2022
39.	Gorkhaland Territorial Administration	19(3)	2018-19	4	Yes	21/07/2023
40.	West Bengal Heritage Commission	19(3)	2020-21	2	Yes	04/07/2023
41.	Asansol Durgapur Development Authority	20(1)	2021-22	1	Yes	14/10/2022
42.	Burdwan Development Authority	20(1)	2021-22	1	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. 2022-23	Whether the entity is functional?	Date on which last communication/reminder was sent by PAG
43.	Bhangore Rajarhat Development Authority	20(1)	2009-10	2	Yes	14/10/2022
44.	Digha Sankarpur Development Authority	20(1)	2019-20	3	Yes	14/10/2022
45.	Haldia Development Authority	20(1)	2021-22	1	Yes	14/10/2022
46.	Jaigaon Development Authority	20(1)	2016-17	6	Yes	14/10/2022
47.	Mdnapore Kharagpur Development Authority	20(1)	2021-22	1	Yes	14/10/2022
48.	New Town Kolkata Development Authority	20(1)	2021-22	1	Yes	14/10/2022
49.	Siliguri Jalpaiguri Development Authority	20(1)	2021-22	1	Yes	14/10/2022
50.	Sriniketan Santiniketan Development Authority	20(1)	2021-22	1	Yes	14/10/2022
51.	Gangasagar Bakkhali Development Authority	20(1)	2020-21	2	Yes	--
52.	Tarapith Rampurhat Development Authority	20(1)	2019-20	3	Yes	14/10/2022
53.	Mukutmanipur Development Authority	20(1)	Nil	5	Yes	--
54.	Bakreswar Development Authority	20(1)	Nil	5	Yes	--
55.	Patharchapuri Development Authority	20(1)	Nil	5	Yes	--
56.	Changrabandha Development Authority	20(1)	Nil	5	Yes	--
57.	Tarakeswar Development Authority	20(1)	Nil	5	Yes	--
58.	West Bengal State NGRBA Program Management Group	20(1)	2021-22	1	Yes	14/10/2022
59.	Kolkata Metropolitan Development Authority	20(1)	2020-21	2	Yes	14/10/2022
60.	West Bengal Allied & Healthcare Council	19(2)	--	1 (w.e.f. 17.03.2023)	Yes	---
61.	West Bengal Commission for Protection of Child Rights	19(2)	2021-22	1	Yes	----
62.	Commissioners for Rabindra Setu	20(1)	2021-22	1	Yes	04/07/2023
63.	West Bengal Khadi & Village Industries Board	20(1)	2019-20	3	Yes	04/07/2023
64.	West Bengal Bio-Diversity Board	19(3)	2019-20	3	Yes	04/07/2023
65.	East Kolkata Wetland Management Authority	19(3)	2018-19	4	Yes	04/07/2023
66.	West Bengal Compensatory Afforestation Fund Management and Planning Authority	19(2)	2021-22	1	Yes	04/07/2023

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. 2022-23	Whether the entity is functional?	Date on which last communication/reminder was sent by PAG
67.	Hooghly River Bridge Commissioners	19 (3)	2021-22	1	Yes	14/10/2022
Total				**279**		

Note: Annual accounts received up to 30 September 2023 have been considered.

**The annual accounts for 2012-13 to 2019-20, were received, but not accepted for audit, due to certain discrepancies in the accounts for 2012-13. Communications to the unit, as well as to State Legal Services Authority, were made several times.*

***The annual accounts for 2013-14 to 2017-18, were received, but not accepted for audit, due to non-submission of the accounts in the proper format. Communications to the unit as well as to the State Legal Services Authority, were made several times.*

#Formed in FY 2021-22.

$The 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.

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'23)	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)
(A)	Working Government Companies											
Agriculture & Allied				**63.20**	**135.69**	**76.78**	**612.40**	**15.18**	**(28.16)**	**212.47**	**7.14**	**-**
1.	Banglar Dairy Limited	2021-22	2022-23	10.00	12.83	0.00	0.00	0.43	0.32	12.83	3.35	2.49
2.	Paschimbanga Agri Marketing Corporation Limited	2020-21	2022-23	4.62	13.36	29.00	21.75	1.98	1.56	42.36	4.67	11.68
3.	The State Fisheries Development Corporation Limited	2020-21	2022-23	3.06	(24.21)	2.64	20.77	(0.44)	(0.19)	(21.57)	0.00	0.00
4.	West Bengal Agro-Industries Corporation Limited	2022-23	2023-24	8.41	(224.84)	2.00	139.60	4.58	(27.23)	(222.84)	0.00	0.00
5.	West Bengal Biotech Development Corporation Limited	2015-16	2022-23	0.05	31.36	4.17	0.04	(1.88)	(1.88)	35.53	(5.29)	(5.99)
6.	West Bengal Forest Development Corporation Limited	2021-22	2022-23	6.30	163.00	0.00	68.58	1.67	(2.61)	163.00	1.02	(1.60)
7.	West Bengal Livestock Development Corporation Limited	2021-22	2022-23	15.64	(4.08)	0.57	161.31	(4.92)	(4.81)	(3.51)	0.00	0.00
8.	West Bengal State Food	2016-17	2023-24	0.97	5.48	2.33	5.49	2.30	1.48	7.81	29.45	27.01

	Processing and Horticulture Development Corporation Limited											
9.	West Bengal State Minor Irrigation Corporation Limited	2018-19	2022-23	11.65	(31.69)	0.00	1.05	0.98	1.04	(31.69)	0.00	0.00
10.	West Bengal State Seed Corporation Limited	2020-21	2022-23	2.50	194.48	36.07	193.81	10.48	4.16	230.55	4.55	2.14
Finance				**713.18**	**1,963.96**	**5,158.52**	**543.76**	**348.83**	**56.89**	**7,122.48**	**4.90**	**2.90**
11	Webel Venture Capital Limited	2022-23	2023-24	0.05	0.72	0.00	0.03	0.02	0.01	0.72	2.86	1.68
12	West Bengal Film Development Corporation Limited	2020-21	2022-23	5.20	(124.95)	43.60	0.00	(1.27)	(7.04)	(81.35)	0.00	0.00
13	West Bengal Handicrafts Development Corporation Limited	2021-22	2022-23	46.60	61.17	1.50	112.37	12.42	9.12	62.67	19.82	14.91
14	West Bengal Industrial Development Corporation Limited	2021-22	2022-23	435.93	779.38	134.63	83.30	2.59	1.77	914.01	0.28	0.23
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	5.38	4.26
16	West Bengal Women Development Undertaking	2019-20	2021-22	0.10	0.95	0	0.92	0.1	(0.10)	0.95	10.53	(10.53)
Infrastructure				**1,978.32**	**2,768.61**	**79.63**	**1,317.30**	**(21.61)**	**(23.74)**	**2,848.24**	**-**	**-**
17	Mackintosh Burn Limited	2021-22	2022-23	0.31	250.86	1.60	523.19	16.37	8.10	252.46	6.48	3.23
18	New Town Kolkata Green Smart City Corporation Limited	2021-22	2022-23	1.00	239.32	0	0.00	0.04	0.02	239.32	0.02	0.01
19	New Town Telecom Infrastructure Development Company Limited	2022-23	2023-24	1.05	47.02	0	15.06	14.57	10.53	47.02	30.99	22.39
20	Sundarban Infrastructure	2017-18	2018-19	1.00	16.78	0	0.1	2.09	1.52	16.78	12.46	9.06

	Development Corporation Limited											
21	The West Bengal Small Industries Development Corporation Limited	2020-21	2021-22	190.86	326.17	0.00	131.80	8.79	13.80	326.17	2.69	4.23
22	Webel Electronics Infrastructure Development Limited	2022-23	2023-24	0.05	31.51	0.00	0.73	0.63	0.49	31.51	2.00	1.56
23	West Bengal Electronics Industry Development Corporation Limited	2022-23	2023-24	235.67	256.87	28.03	364.61	13.23	7.06	284.90	4.64	2.75
24	West Bengal Highway Development Corporation Limited	2021-22	2022-23	1,270.74	1,099.14	50.00	0.00	(22.22)	(26.06)	1,149.14	(1.93)	(2.37)
25	West Bengal Housing Infrastructure Development Corporation Limited	2020-21	2023-24	259.64	410.47	0	101.7	(60.63)	(43.02)	410.47	(14.77)	(10.48)
26	West Bengal Police Housing & Infrastructure Development Corporation Limited	2021-22	2022-23	10.40	47.20	0	175.88	6.53	4.83	47.20	13.83	10.23
27	West Bengal Transport Infrastructure Development Corporation Limited	2021-22	2022-23	7.60	43.27	0.00	4.23	(1.01)	(1.01)	43.27	(2.33)	(2.33)
Manufacturing				**364.30**	**(1,500.44)**	**837.13**	**150.53**	**(71.92)**	**(172.86)**	**(663.31)**	**-**	**-**
28	Durgapur Chemicals Limited	2022-23	2023-24	253.04	(64.41)	72.33	0.00	(21.41)	(25.81)	7.92	(270.33)	0.00
29	Electro Medical & Allied Industries Limited	2021-22	2022-23	16.40	(83.97)	37.1	4.78	(0.73)	(0.73)	(46.87)	0.00	0.00
30	Greater Calcutta Gas Supply Corporation Limited	2021-22	2022-23	41.15	(575.86)	255.59	0.00	(33.23)	(65.83)	(320.27)	0.00	0.00
31	Mayurakshi Cotton Mills (1990) Limited	2021-22	2022-23	7.76	(104.87)	46.15	1.17	(3.32)	(15.46)	(58.72)	0.00	0.00

32	The Shalimar Works (1980) Limited	2021-22	2022-23	1.25	(465.17)	175.83	1.95	(11.45)	(34.78)	(289.34)	0.00	0.00
33	Webfil Limited	2022-23	2023-24	8.53	13.03	14.91	43.26	3.72	1.89	27.94	13.31	14.50
34	West Bengal Mineral Development & Trading Corporation Limited	2022-23	2023-24	4.43	(100.59)	137.85	47.10	7.09	(7.66)	37.26	19.03	0.00
35	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	2018-19	2022-23	24.00	(12.28)	12.35	3.02	(2.46)	(4.29)	0.07	(3,514.29)	0.00
36	Westinghouse Saxby Farmer Limited	2018-19	2021-22	7.74	(106.32)	85.02	49.25	(10.13)	(20.19)	(21.30)	0.00	0.00
Others				**6.59**	**162.68**	**90.66**	**787.22**	**132.35**	**85.19**	**253.34**	**52.24**	**52.37**
37	Basumati Corporation Limited	2021-22	2022-23	0.10	(235.31)	81.55	5.10	(2.73)	(13.95)	(153.76)	0.00	0.00
38	Saraswaty Press Limited	2021-22	2022-23	5.50	157.21	0.00	237.52	56.51	41.95	157.21	35.95	26.68
39	Silpabarta Printing Press Limited	2021-22	2022-23	0.89	(7.51)	9.11	0.53	(1.62)	(2.40)	1.60	(101.25)	0.00
40	West Bengal Text Book Corporation Limited	2021-22	2022-23	0.10	248.29	0.00	544.07	80.19	59.59	248.29	32.30	24.00
Power				**13,472.45**	**18,844.87**	**20,564.70**	**43,042.56**	**4,894.10**	**1,348.64**	**39,409.57**	**12.42**	**7.16**
41	Bengal Birbhum Coalfields Limited	2022-23	2023-24	0.10	(1.33)	0.00	0.00	0.01	0.01	(1.33)	0.00	0.00
42	The Durgapur Projects Limited	2022-23	2023-24	1,815.29	(1,726.44)	2,621.37	1,172.41	315.24	10.09	894.93	35.23	0.00
43	The West Bengal Power Development Corporation Limited	2022-23	2023-24	7,679.26	(10,213.87)	6,431.81	11,181.28	1,313.33	347.45	16,645.68	7.89	3.40
44	West Bengal Green Energy Development Corporation Limited	2022-23	2023-24	4.99	(2.19)	8.18	0.46	(0.01)	(0.17)	5.99	(0.10)	0.00
45	West Bengal State Electricity Distribution Company Limited	2022-23	2023-24	2,867.29	3,339.22	8,433.04	28,608.78	1,873.95	21.01	11,772.26	15.92	0.63

46	West Bengal State Electricity Transmission Company Limited	2022-23	2023-24	1,105.52	7,021.74	3,070.30	2,079.63	1,391.57	970.25	10,092.04	13.79	13.82
Service				**215.62**	**(3,113.99)**	**987.26**	**19,782.51**	**64.82**	**(158.90)**	**(2,126.73)**	**-**	**-**
47	Biswa Bangla Marketing Corporation Limited	2021-22	2022-23	13.28	0.40	8.34	16.83	(5.86)	(5.85)	8.74	(67.05)	(1,462.50)
48	Webel Electronics Manufacturing Clusters Limited	2022-23	2023-24	0.05	31.45	0.00	0.84	0.78	0.60	31.45	2.49	1.90
49	Webel Technology Limited	2022-23	2023-34	1.20	75.84	0.00	488.85	6.44	4.78	75.84	8.49	6.30
50	West Bengal Essential Commodities Supply Corporation Limited	2016-17	2022-23	1.08	(22.50)	311.29	3,852.13	53.28	(6.05)	288.79	18.45	0.00
51	West Bengal Medical Services Corporation Limited	2021-22	2022-23	10.00	103.75	45	24.19	13.19	(8.37)	148.75	8.87	(8.07)
52	West Bengal State Beverages Corporation Limited	2021-22	2022-23	20.00	91.44	0.00	15,298.89	65.87	49.69	91.44	72.04	54.34
53	West Bengal Surface Transport Corporation Limited	2021-22	2022-23	1.01	(801.06)	302.17	25.45	(25.06)	(75.61)	(498.89)	0.00	0.00
54	West Bengal Swarojgar Corporation Limited	2021-22	2022-23	130.00	215.79	0.00	0.00	3.76	2.72	215.79	1.74	1.26
55	West Bengal Tourism Development Corporation Limited	2020-21	2022-23	18.00	145.25	5.07	43.40	(12.79)	(13.64)	150.32	(8.51)	(9.39)
56	West Bengal Trade Promotion Organisation	2021-22	2022-23	0.60	12.84	0.00	0.00	(15.46)	(15.46)	12.84	(120.40)	(120.40)
57	West Bengal Transport Corporation Limited	2022-23	2023-24	20.40	(2,967.19)	315.39	31.93	(19.33)	(91.71)	(2,651.80)	-	-
Total- A: Working Government Companies				**16,813.66**	**19,261.38**	**27,794.68**	**66,236.28**	**5,361.75**	**1,107.06**	**47,056.06**	**11.39**	**5.75**
(B) Working Statutory Corporations												
Agriculture & Allied				**7.61**	**64.41**	**- -**	**111.06**	**64.25**	**44.54**	**64.41**	**99.75**	**69.15**

58	West Bengal State Warehousing Corporation	2018-19	2021-22	7.61	64.41	0.00	111.06	64.25	44.54	64.41	99.75	69.15
Finance				**704.70**	**1,140.50**	**997.50**	**80.44**	**50.33**	**2.66**	**2,138.00**	**2.35**	**0.23**
59	West Bengal Financial Corporation	2021-22	2022-23	227.34	47.86	63.24	52.30	3.48	(22.65)	111.10	3.13	(47.33)
60	West Bengal Minorities Development & Finance Corporation	2018-19	2022-23	150.00	469.66	780.99	27.71	41.19	19.65	1,250.65	3.29	4.18
61	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	0.73	0.91
Infrastructure				**-**	**139.10**	**111.14**	**14.92**	**22.68**	**16.55**	**250.24**	**9.06**	**11.90**
62	West Bengal Industrial Infrastructure Development Corporation	2021-22	2022-23	0.00	139.10	111.14	14.92	22.68	16.55	250.24	9.06	11.90
Service				**31.32**	**(4,858.76)**	**1,579.08**	**317.05**	**(119.79)**	**(287.97)**	**(3,279.68)**	**-**	**-**
63	Calcutta State Transport Corporation	2021-22	2022-23	9.62	(3,003.08)	637.72	49.31	(83.22)	(135.05)	(2,365.36)	-	-
64	North Bengal State Transport Corporation	2021-22	2022-23	10.69	(1,055.71)	499.87	133.02	15.11	(43.49)	(555.84)	-	-
65	South Bengal State Transport Corporation	2021-22	2023-24	11.01	(799.97)	441.49	134.72	(51.68)	(109.43)	(358.48)	-	-
Total- B: Working Statutory Corporations				**743.63**	**(3,514.75)**	**2,687.72**	**523.47**	**17.47**	**(224.22)**	**(827.03)**	**-**	**-**
(C) Inactive Companies/Corporations												
Agriculture & Allied				**47.23**	**(379.38)**	**107.72**	**-**	**(34.91)**	**(51.59)**	**(271.66)**	**-**	**-**
66	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)**	**-**	**-**
67	West Bengal Handloom & Powerloom Development Corporation Limited	2017-18	2022-23	46.76	(5.60)	4.81	-	0.03	(0.15)	(0.79)	-	-
Manufacturing				**65.23**	**(2,742.44)**	**1,208.52**	**15.45**	**(60.52)**	**(194.04)**	**(1,533.92)**	**-**	**-**

68	Carter Pooler Engineering Company Limited	2007-08	2008-09	0.95	(48.81)	26.69	0.00	(0.08)	(3.08)	(22.12)	-	-
69	Eastern Distilleries & Chemicals Limited	2016-17	2021-22	0.20	(16.83)	26.63	15.45	(5.20)	(6.51)	9.80	(53.06)	-
70	Kalyani Spinning Mills Limited	2021-22	2022-23	14.63	(1,397.42)	571.82	0.00	(37.23)	(105.28)	(825.60)	-	-
71	Krishna Silicate and Glass (1987) Limited	2006-07	2021-22	0.00	0.02	82.79	0.00	(0.18)	(6.90)	82.81	(0.22)	(344.95)
72	Lily Products Limited	2021-22	2022-23	0.01	(279.96)	69.55	0.00	(0.07)	(9.11)	(210.41)	-	-
73	National Iron and Steel Company (1984) Limited	2022-23	2023-24	0.50	(44.94)	7.74	0.00	(0.51)	(1.75)	(37.20)	-	-
74	Neo Pipes & Tubes Co. Limited	2021-22	2022-23	2.20	(18.93)	5.39	0.00	(0.21)	(1.06)	(13.54)	-	-
75	Pulver Ash Projects Limited	2019-20	2020-21	2.15	(13.31)	13.00	0.00	(0.07)	(0.07)	(0.31)	-	-
76	The Infusions (India) Limited	2022-23	2023-24	7.73	(37.38)	15.64	0.00	(0.35)	(2.60)	(21.74)	-	-
77	The West Bengal Projects Limited	2018-19	2022-23	1.89	(0.67)	0.00	0.00	(0.08)	(0.09)	(0.67)	-	-
78	The West Dinajpur Spinning Mills Limited	2021-22	2022-23	12.75	(539.13)	230.33	0.00	(16.12)	(50.53)	(308.80)	-	-
79	West Bengal Ceramic Development Corporation Limited	2022-23	2023-24	2.93	(74.18)	74.31	0.00	(0.25)	(0.25)	0.13	(192.31)	-
80	West Bengal Industrial Land Holdings Private Limited	2022-23	2023-24	0.01	0.01	0.00	0.00	0.00	0.00	0.01	-	-
81	West Bengal Plywood and Allied Products Limited	2012-13	2023-24	0.09	(53.28)	26.78	0.00	0.00	0.00	(26.50)	-	-
82	West Bengal State Leather Industries Development Corporation Limited	2019-20	2021-22	3.95	(10.26)	10.84	0.00	(0.09)	(0.42)	0.58	(15.52)	-
83	West Bengal Sugar Industries Development Corporation Limited	2022-23	2023-24	15.24	(207.37)	47.01	0.00	(0.09)	(6.39)	(160.36)	-	-

Total- C: Inactive Government Companies				**159.22**	**(3,127.42)**	**1,321.05**	**15.45**	**(95.40)**	**(245.78)**	**(1,806.37)**		
(D) Inactive Statutory Corporations												
Service				**0.00**	**(37.25)**	**16.85**	**0.00**	**0.01**	**(0.04)**	**(20.40)**	**-**	**-**
84	Great Eastern Hotel Authority	2021-22	2022-23	0.00	(37.25)	16.85	0.00	0.01	(0.04)	(20.40)	-	-
Total- D: Inactive Government Companies				**0.00**	**(37.25)**	**16.85**	**0.00**	**0.01**	**(0.04)**	**(20.40)**	**-**	**-**
Grand Total (A + B + C + D)				**17,716.51**	**12,581.96**	**31,820.30**	**66,775.20**	**5,283.83**	**637.02**	**44,402.27**	**11.89**	**5.06**

Source: Accounts of SPSEs

APPENDIX 5.2

*(Refer Paragraph **5.19** in Chapter V)*

Details of SPSEs whose Net worth has been 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 2022-23	State Government Loans during the year 2022-23
			(₹ in crore)					
1.	Basumati Corporation Limited	2021-22	0.10	(13.95)	(235.41)	(235.31)	0.00	3.20
2.	Bengal Birbhum Coalfields Limited	2022-23	0.10	0.01	(1.43)	(1.33)	0.00	-
3.	Calcutta State Transport Corporation	2021-22	9.62	(135.05)	(3,525.65)	(3,003.08)	0.00	24.48
4.	Carter Pooler Engineering Company Limited	2007-08	0.95	(3.08)	(49.76)	(48.81)	0.00	-
5.	Durgapur Chemicals Limited	2022-23	253.04	(25.81)	(317.45)	(64.41)	2.85	-
6.	Eastern Distilleries & Chemicals Limited	2016-17	0.20	(6.51)	(17.03)	(16.83)	0.00	-
7.	Electro Medical & Allied Industries Limited	2021-22	16.40	(0.73)	(100.37)	(83.97)	0.00	0.39
8.	Great Eastern Hotel Authority	2021-22	0.00	(0.04)	(37.25)	(37.25)	0.00	-
9.	Greater Calcutta Gas Supply Corporation Limited	2021-22	41.15	(65.83)	(617.01)	(575.86)	0.00	31.10
10.	Lily Products Limited	2021-22	0.01	(9.11)	(291.11)	(279.96)	0.00	0.38
11.	Mayurakshi Cotton Mills (1990) Limited	2021-22	7.76	(15.46)	(112.63)	(104.87)	0.00	3.12
12.	National Iron & Steel Company (1984) Limited	2022-23	0.50	(1.75)	(56.94)	(44.94)	0.00	0.01
13.	Neo Pipes & Tubes Co. Limited	2021-22	2.20	(1.06)	(21.13)	(18.93)	0.00	-
14.	North Bengal State Transport Corporation	2021-22	10.69	(43.49)	(1,117.80)	(1,055.71)	0.00	14.41
15.	Pulver Ash Projects Limited	2019-20	2.15	(0.07)	(15.46)	(13.31)	0.00	0.02
16.	Silpabarta Printing Press Limited	2021-22	0.89	(2.40)	(8.40)	(7.51)	0.00	1.25
17.	South Bengal State Transport Corporation	2021-22	11.01	(109.43)	(1,069.89)	(799.97)	0.00	14.55
18.	The Durgapur Projects Limited	2022-23	1815.29	10.09	(3,541.73)	(1,726.44)	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 2022-23	State Government Loans during the year 2022-23
			(₹ in crore)					
19.	The Infusions (India) Limited	2022-23	7.73	(2.60)	(45.11)	(37.38)	0.00	-
20.	The Kalyani Spinning Mills Limited	2021-22	14.63	(105.28)	(1,412.05)	(1,397.42)	0.00	38.18
21.	The Shalimar Works (1980) Limited	2021-22	1.25	(34.78)	(466.42)	(465.17)	0.00	13.20
22.	The State Fisheries Development Corporation Limited	2020-21	3.06	(0.19)	(27.88)	(24.21)	0.00	-
23.	The West Bengal Projects Limited	2018-19	1.89	(0.09)	(2.56)	(0.67)		0.01
24.	The West Dinajpur Spinning Mills Limited	2021-22	12.75	(50.53)	(551.88)	(539.13)	0.00	9.12
25.	West Bengal Agro Industries Corporation Limited	2022-23	8.41	(27.23)	(233.25)	(224.84)	0.00	-
26.	West Bengal Ceramic Development Corporation Limited	2022-23	2.93	(0.25)	(77.11)	(74.18)	0.00	-
27.	West Bengal Essential Commodities Supply Corporation Limited	2016-17	1.08	(6.05)	(23.58)	(22.50)	0.00	-
28.	West Bengal Film Development Corporation Limited	2020-21	5.20	(7.04)	(130.15)	(124.95)	0.00	0.95
29.	West Bengal Green Energy Development Corporation Limited	2022-23	4.99	(0.17)	(7.18)	(2.19)	0.00	-
30.	West Bengal Handloom & Powerloom Development Corporation Limited	2017-18	46.76	(0.15)	(52.36)	(5.60)	0.00	-
31.	West Bengal Livestock Development Corporation Limited	2021-22	15.64	(4.81)	(19.72)	(4.08)	0.00	-
32.	West Bengal Mineral Development & Trading Corporation Limited	2022-23	4.43	(7.66)	(105.02)	(100.59)	0.00	4.50
33.	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	2018-19	24.00	(4.29)	(36.28)	(12.28)	0.00	2.99
34.	West Bengal Plywood And Allied Products Limited	2012-13	0.09	0.00	(53.37)	(53.28)	0.00	-
35.	West Bengal State Leather Industries Development Corporation Limited	2019-20	3.95	(0.42)	(14.21)	(10.26)	0.00	0.11
36.	West Bengal State Minor Irrigation Corporation Limited	2018-19	11.65	1.04	(43.34)	(31.69)	0.00	-
37.	West Bengal Sugar Industries Development Corporation	2022-23	15.24	(6.39)	(222.61)	(207.37)	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 2022-23	State Government Loans during the year 2022-23
			(₹ in crore)					
	Limited							
38.	West Bengal Surface Transport Corporation Limited	2021-22	1.01	(75.61)	(802.07)	(801.06)	0.00	21.18
39.	West Bengal Tea Development Corporation Limited	No information	47.23	(51.59)	(426.61)	(379.38)	0.00	-
40.	West Bengal Transport Corporation Limited	2022-23	20.40	(91.71)	(3,029.69)	(2,967.19)	0.00	-
41.	Westinghouse Saxby Farmer Limited	2018-19	7.74	(20.19)	(114.06)	(106.32)	0.00	8.90
Grand Total			**2,434.12**	**(919.66)**	**(19,032.96)**	**(15,710.23)**	**2.85**	**192.05**

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
A&E	Accounts & Entitlement
AB	Autonomous Body
AC	Abstract Contingent
ADMIP	Accelerated Development of Minor Irrigation Project
AGM	Annual General Meeting
AIS	All India Service
AMC	Annual Maintenance Charges
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APL	Above Poverty Line
APR	Annual Performance Review
BADP	Border Area Development Programme
BCR	Balance from Current Revenue
BDO	Block Development Officer
BE	Budget Estimate
BENFED	West Bengal State Co-operative Marketing Federation Limited
BEUP	Bidhayak Elaka Unnayan Prakalpa
BP	Budget Provision
BPL	Below Poverty Line
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAO	Chief Accounts Officer
CAPF	Central Armed Police Force
CCL	Cash Credit Loan
CE	Capital Expenditure
CF	Contingency Fund
CGA	Controller General of Accounts
CGST	Central Goods and Services Tax
CONFED	West Bengal State Consumers' Co-operative Federation Limited

Abbreviations	Full Form
CSF	Consolidated Sinking Fund
CSS	Centrally Sponsored Scheme
CSTC	Calcutta State Transport Corporation
DC	Detailed Contingent
DDO	Drawing and Disbursing Officer
DE	Development Expenditure
DLSA	District Legal Services Authority
DM	District Magistrate
DNT	De-Notified Tribes
DPC	Duties, Powers and Conditions
DPL	Durgapur Projects Limited
DPMU	District Planning and Monitoring Unit
EBC	Economically Backward Class
EBIT	Earnings before Interest and Tax
ES	Economic Service
FC	Finance Commission
FD	Fiscal Deficit
FPCA	Fuel and Power Purchase cost Adjustment
FPS	Fair Price Shop
FPSS	Fiscal Policy Strategy Statement
FRBM	Fiscal Responsibility and Budget Management
FY	Financial Year
GC	Guarantee Commission
GDP	Gross Domestic Product
GIA	Grants-in-Aid
GoI	Government of India
GoWB	Government of West Bengal
GRF	Guarantee Redemption Fund
GS	General States
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GSVA	Gross State Value Added

Abbreviations	Full Form
HoA	Head of Accounts
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
IGNOAPS	Indira Gandhi National Old Age Pension Scheme
IGST	Integrated Goods and Services Tax
IP	Interest Payments
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KEIP	Kolkata Environmental Improvement Project
KMC	Kolkata Municipal Corporation
KMDA	Kolkata Metropolitan Development Authority
LMMHA	List of Major and Minor Heads of Accounts
LPSC	Late Payment Surcharge
MB	Market Borrowing
MFCA	Monthly Fuel Cost Adjustment
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MLA	Member of Legislative Assembly
MoHFW	Ministry of Health and Family Welfare
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
NCRE	Non Committed Revenue Expenditure
NE	North-Eastern
NFSA	National Food Security Act
NGO	Non-Government Organization
NGRBA	National Ganga River Basin Authority

Abbreviations	Full Form
NPS	National Pension System
NRC	Non-Review Certificate
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
PFC	Power Finance Corporation
PFRDA	Pension Fund Regulatory and Development Authority
PFMS	Public Financial Management System
PGCIL	Power Grid Corporation of India Limited
PL	Personal Ledger
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
RBI	Reserve Bank of India
RD	Revenue Deficit
RE	Revised Estimate/Revenue Expenditure
RECL	Rural Electrification Corporation Limited

Abbreviations	Full Form
RIDF	Rural infrastructure Development Fund
RKVY	Rashtriya Krishi Vikas Yojana
RLB	Rural Local Body
ROCE	Return on Capital Employed
ROE	Return on Equity
RPAO	Regional Pay and Accounts Office
RR	Revenue Receipts
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
SGST	State Goods and Services Tax
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
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

Abbreviations	Full Form
WBADMIP	West Bengal Accelerated Development and Minor Irrigation Project
WBCETF	West Bengal Compensatory Entry Tax Fund
WBCGA	West Bengal Ceiling on Government Guarantee Act
WBEIDCL	West Bengal Electronics Industry Development Corporation Limited
WBERC	West Bengal Electricity Regulatory Commission
WBF&ES	West Bengal Fire and Emergency Services
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
WBIDFCL	West Bengal Infrastructure Development Finance Corporation Limited
WBIWTLSDP	West Bengal Inland Water Transport, Logistics and Spatial Development Project
WBLA	West Bengal Legislative Assembly
WBMIFMP	West Bengal Minor Irrigation and Flood Management Project
WBPDCL	West Bengal Power Development Corporation Limited
WBSEDCL	West Bengal State Electricity Distribution Company Limited
WBSETCL	West Bengal State Electricity Transmission Company Limited
WBSIDCL	West Bengal Small Industries Development Corporation Limited
WBTC	West Bengal Transport Corporation
WBTCL	West Bengal Transport Corporation Limited
WBTDCL	West Bengal Tourism Development Corporation Limited
WBTR	West Bengal Treasury Rules
WMA	Ways and Means Advance