

CHAPTER 1

An Overview of the Panchayati Raj Institutions

1.1 PRIs in West Bengal

Panchayats, the third tier of democratic-governance providing for self- governance, have been constitutionally created under 73rd Amendment of the Constitution. Article 243 B of the Constitution (appended after 73rd Amendment in 1992) envisages formation of Panchayats at village intermediate and district levels of a State. Prior to the Amendment of the Constitution, West Bengal Panchayat Act, 1973 enacted to reorganize Panchayats of West Bengal outlined the broad aspects of duties, powers and functions of three tier Panchayati Raj Institutions (PRIs) in the State. As of April 2013, the State has 3349 Gram Panchayats (GPs) at the village level, 341 Panchayat Samitis (PSs) at intermediate level between the district and village, 17 Zilla Parishads (ZPs) and one Mahakuma Parishad (MP) at District level.

As per latest census report (2011), the State has 6.22 crore rural population (68 *per cent* of total population of the State) covering an area of over 86,152 sq. km (97.07 *per cent* of total area of 88,752 sq. km of the State).

1.2 Powers, Functions and Organisational structure of the PRIs

The powers, authority and responsibilities of PRIs as laid down under Article 243G and 243H of the Constitution of India are as below:

- Preparation of plan for economic development and social justice;
- Implementation of schemes for economic development and social justice as may be entrusted to it in relation to the matters listed in the Eleventh Schedule of the Constitution; and
- Powers to impose taxes.

The above powers and duties were earlier included and categorized in Section 19 to 34; 109 to 118 and 153 to 165 of West Bengal Panchayat Act, 1973 for GPs, PSs and ZPs respectively.

The Act stipulates functioning of the PRIs through well-designed Standing Committees called Sthayee Samitis (for ZPs and PSs) and Upa-Samitis (for GPs)

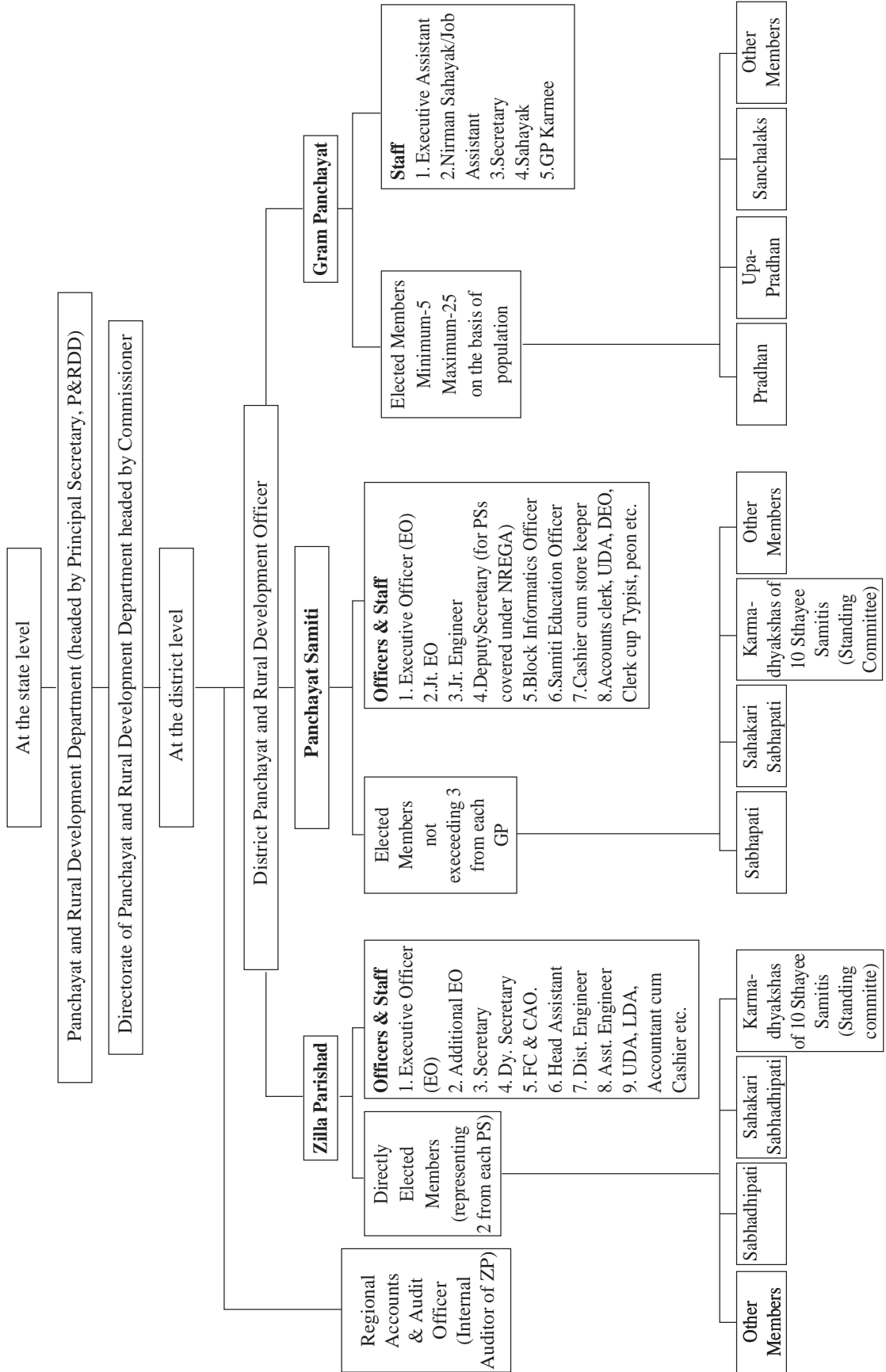
having elected representatives and officials concerned as members. The constitution of the committees are given below:

Table 1.1

Level of PRIs	Chief elected executive	Standing Committee
ZPs & PSs	<i>Karmadhyaksha</i>	<p>(i) <i>Artha, Sanstha, Unnayan O Parikalpana</i> (Finance, Establishment, Development and Planning);</p> <p>(ii) <i>Janaswasthya O Paribesh</i> (Public Health and Environment);</p> <p>(iii) <i>Purta Karya O Paribahan</i> (Public Works and Transport);</p> <p>(iv) <i>Krishi, Sech O Samabaya</i> (Agriculture, Irrigation and Co-operative);</p> <p>(v) <i>Shiksha, Sanskriti, Tathya O Krira</i> (Education, Culture, Information and Sports);</p> <p>(vi) <i>Sishu O Nari Unnayan, Janakalayan O Tran</i> (Children and Women's Development, Social Welfare and Relief).</p> <p>(vii) <i>Bon O Bhumi Sanskar</i> (Forest and Land Reforms);</p> <p>(viii) <i>Matsya O Prani Sampad Bikash</i> (Fishery and Animal Resource Development);</p> <p>(ix) <i>Khadya O Sarbaraha</i> (Food and Supplies); and</p> <p>(x) <i>Khudra Shilpa, Bidyut O Achiracharit Shakti</i> (Small Industries, Power and Non-conventional Energy Sources).</p>
GPs	<i>Sanchalak</i>	<p>i) <i>Artho O Parikalpana</i> (Finance and Planning);</p> <p>ii) <i>Krishi O Prani Sampad Bikash</i> (Agriculture and Animal Resource Development);</p> <p>iii) <i>Siksha O Janaswasthya</i> (Education and Public Health);</p> <p>iv) <i>Nari, Sishu Unnayan, O Samajkalyan</i> (Women's, Children Development and Social Welfare); and</p> <p>v) <i>Shilpa O Parikatham</i> (Industry and Infrastructure).</p>

(Source: The West Bengal Panchayat Act, 1973)

The detailed organizational set up of the Panchayati Raj system in West Bengal is shown in the flow chart:



1.3 Devolution of functions

Article 243 G of the Constitution provides for devolution of powers and responsibilities by the State Government to the Panchayats in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the 29 subjects listed in the 11th Schedule of the Constitution. Accordingly, the State Legislature inserted Sections 207A (in 1992) and 207B (in 1994) in West Bengal Panchayat Act, 1973 for placement of officers and employees at the disposal of PRIs and transfer of such powers, functions and duties as exercised, performed and discharged by the State Government.

Transfer of 28 functions excluding technical and vocational education was completed through Activity Mapping exercise in November 2005, July 2006 and October 2007.

PRIs in West Bengal have played increasing role in certain aspects of service delivery but their ability to influence outcome have been limited. Lack of clear allocation of responsibilities, inadequate access to discretionary funds, lack of powers over state level functionaries and inadequate local capacity led to poor service delivery.

1.4 Flow of funds

Panchayats of all three tiers, for their agency functions, receive considerable amounts of grants-in-aid for implementation of assigned schemes, mainly flagship schemes of the Central Government and State's shares to such centrally sponsored schemes. The State Government transfers consist of salary grants, schematic funds, State Finance Commission grants (untied), Bidhayak Elaka Unnyan Prakalpa, State share of centrally sponsored schemes and State sponsored schemes, while Central Government transfers consist of Central Finance Commission grants, centrally sponsored and central sector schemes like Indira Awaas Yojana (IAY), Swarnajayanti Gram Swarajgar Yojana (SGSY), Pradhan Mantri Gram Sadak Yojana (PMGSY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), MPLAD and national social security schemes like IGNFBS, IGNMBS, IGNOAPS. While much of these funds are released directly by the Central Government to the PRIs without routing through the State budget, some funds are also released through the State budget.

ZPs have been taking Rural Infrastructure Development Fund (RIDF) loans for implementation of some medium sized rural programmes. The loan liabilities including interest payments are, however, borne by the State Government. The ZPs have a limited capacity to raise loans for financing their schemes.

The funds are released through State budget and through West Bengal State Rural Development Agency (WBSRDA) of P&RDD.

The ZPs and PSs deposit State funds in the Treasury in Deposit Account (head “8448-Local Fund Deposit Account, 109-Panchayat Bodies”) that is operated as non-interest bearing bank account and centrally sponsored scheme funds are deposited in Savings Account as per the guidelines of the respective schemes. The GPs keep Panchayat Fund in one or more saving accounts maintained with any one or more branches of a nearby nationalized bank or any other scheduled bank or licensed Co-operative Bank or Post Office or any two or more of them. A fund-flow statement as per general procedure is given in **Appendix-I**.

1.5 Accounting procedure of PRIs

PRIs maintain their accounts as per formats prescribed in West Bengal Panchayat Act, 1973 and Rules framed there under. The accounts are maintained in cash basis double entry system. Two software programmes namely, Integrated Fund Monitoring and Accounting System (IFMAS) for ZPs and PSs and Gram Panchayat Management System (GPMS) for GPs were developed for generation of accounts.

Ministry of Panchayati Raj, GoI in consultation with Comptroller and Auditor General of India, prescribed Model Accounting System (MAS) for Panchayats for exercising proper control and securing better accountability. P&RDD prepared a coding structure comprising of three tier budget head for receipt of grants-in-aid and four tier budget head for expenditure consistent with MAS after minor modifications and issued instruction (March 2012) to all PRIs that the accounts should be maintained in prescribed format with effect from April 2011 and eight database formats were also to be generated as prescribed in MAS.

During audit of accounts of PRIs for the year 2011-12, it was noticed that accounts were not maintained as per the codification structure prescribed by P&RDD. When enquired, the department intimated (June 2012) that the existing Accounting software was being modified to generate the required reports.

1.6 Sources and utilisation of funds

1.6.1 State budget allocation vis-à-vis actual release made

Funds are allocated to PRIs under three broad heads viz (i) Salary and Allowances Grant (ii) Schematic Fund and (iii) Other Grants. Salary and Allowances Grant and Other Grants are released by the State Government through State budget, Schematic Fund is released by GoI and State Government through State budget and also by WBSRDA, cell of P&RDD. The details of State budget allocation,

actual release and shortfall in release are detailed below:

Table 1.2

(₹ in crore)

Year	State Budget Allocation			Actual Released out of State budget	Short release	Percent-age shortfall	Utilisation out of State budget allocation		Percentage of utilisation
	Plan	Non-plan	Total				Plan	Non-plan	
2008-09	1478.00	570.07	2048.07	1830.89	217.19	11	1126.04	561.85	92
2009-10	2002.73	749.61	2752.34	2780.09	00	00	1784.04	861.16	95
2010-11	2356.60	1182.24	3538.84	2763.59	775.25	22	1718.38	642.01	85
2011-12	2412.10	1231.73	3643.83	3374.92	268.91	7	2179.82	945.88	93
2012-13	2704.14	1508.80	4212.94	4661.15	00	00	2745.25	999.11	80
Total	10953.57	5242.45	16196.02	15410.64	1261.35	8	9553.53	4010.01	88

(Source: Panchayat & Rural Development Department)

It would be seen from the above that there was short release of ₹ 1261.35 crore to PRIs against the provision made in the budget by P&RDD during 2008-13 and shortfall was 8 per cent of budget allocation during the period. On year to year basis, it had gone up to 22 per cent in 2010-11. Budget utilisation was 88 per cent of the amounts released.

1.6.2 Financial position of PRIs

- (a) The position of grants received by the PRIs during the last five years is furnished in Table 1.3:

Table 1.3

(₹ in crore)

Year	Fund released through State Budget		Central Fund directly to PRIs	Grand Total of grants received from Central and State Govt.	Fund received from Own Source	Total receipts	Percentage of grants receive			
	Central fund	State fund					Central		State	Own Source
							Directly to PRIs	Through State budget		
2008-09	699.02	1131.87	1604.83	3435.72	130.97	3566.69	44	20	32	4
2009-10	1021.79	1758.30	2530.13	5310.22	159.32	5469.54	46	19	32	3
2010-11	797.55	1966.04	2972.44	5736.03	82.75	5818.78	51	14	34	1
2011-12	1157.17	2184.23	3539.34	6880.74	Information not furnished by the Department					
2012-13	1728.24	2911.45	4293.38	8933.07						

(Source: Panchayat & Rural Development Department)

It would be evident from the above table that the PRIs were mostly dependent on government grants, especially on Central assistance which ranged between

64 and 75 per cent (between 44 and 51 per cent as direct off-budget transfers to PRIs), while contribution of state grants ranged between 32 and 34 per cent during 2008-11. Own funds of PRIs constituted only one to four per cent of total receipts during 2008-11¹.

(b) Financial position of the ZPs, PSs and GPs are depicted in **Appendix-II**.

It was noticed from records of P&RDD that (i) expenditure under Plan and Non Plan head during 2012-13 increased by 26 and six per cent respectively in comparison to 2011-12; (ii) total receipts and expenditure under schematic fund increased by 165 per cent and 170 per cent respectively during 2012-13 in comparison to 2008-09; (iii) GPs received majority (67 to 84 per cent) of the total schematic allocation for PRIs during 2008-09 to 2012-13; and (iv) the Central and State Finance Commission emphasized radical improvement in collection of Own Source Revenue (OSR). But OSR constituted only four per cent, three per cent and three per cent of total receipts of the PRIs during 2008-09, 2009-10 and 2010-11 respectively, whereas the expenditure from OSR constituted only three, three and five per cent of total expenditure respectively during that period. Moreover, P&RDD, administrative department of PRIs, had no information regarding both receipt and expenditure out of OSR for the three tiers of PRI during 2011-13.

1.7 Thirteenth Finance Commission grants

Grants as per recommendations of Thirteenth Finance Commission (13th FC) are released under three heads viz general basic grant, special area basic grant and performance grant. Details of release and utilisation of 13th FC grants during 2010-13 are detailed below:

Table 1.4

(₹ in crore)

Year	Amount released from GoI	Amount released to PRIs			Utilisation by PRIs			Expenditure towards basic amenities by			Percentage of expenditure incurred by the PRIs	
		General basic grants	Special area basic grants	Performance grant	General basic grants	Special area basic grants	Performance grant	ZPs	PSs	GPs	General basic grants	Special area basic grants
2010-11	192.93	192.93	0.80	Nil	110.21	0		37.14	13.55	59.52	57	0
2011-12	429.86	430.68	1.60	Nil	321.57	NA		77.03	47.59	196.95	75	0
2012-13	533.83	507.42	1.60	24.01	353.63 ²			46.45	54.45	252.73	70	NA
Total	1156.62	1131.03	4.00	24.01				160.62	115.59	509.20	69	0

(Source: Panchayat & Rural Development Department)

¹ Own funds position for the year 2011-13 was not made available to audit.

² Break up of sector wise utilization of funds by PRIs not furnished by P&RDD.

PRIs had utilised only 69 per cent of the available funds under general basic grants. Information in respect of expenditure during 2011-13 under special area basic grants was not made available by P&RDD.

P&RDD released funds without earmarking for the various item of work except safe drinking water supply. The balance amount released has, hence, been shown under 'Others'.

Details of sector wise expenditure are furnished below:

Table 1.5

(₹ in crore)

Sector	Fund released			Total	Expenditure			Total
	ZP	PS	GP		ZP	PS	GP	
Safe drinking water supply	7.39	0	33.51	40.90	0	0.33	2.22	2.55
Maintenance of PMGSY/RIDF roads								
Recruitment of staff					0.02	8.11	1.75	9.88
Maintenance of water resources								
Maintenance of e-governance system					0.39	1.00	4.09	5.48
Basic amenities								
Others	59.65	87.43	343.37	490.45	46.04	53.03	244.68	343.75

(Source: Panchayat & Rural Development Department)

It is evident from the above table that the PRIs had spent ₹ 2.55 crore during 2012-13 towards safe drinking water supply which is only six per cent of the fund earmarked (₹ 40.90 crore) for the purpose. Moreover, it was stipulated in the guideline that five per cent of the available funds at each tier of PRIs was to be earmarked for maintenance of the e-governance system but no fund was earmarked under this sector. The PRIs had spent ₹ 5.48 crore which is only one per cent of the available fund.

1.8 Sectoral Analysis

Sector-wise receipt and expenditure under schematic fund like education, rural housing, poverty alleviation and health and family welfare for the past five years as obtained from the records of P&RDD are as follows:

Table 1.6

₹ in crore)

Name of sector	2008-09		2009-10		2010-11		2011-12		2012-13	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
Poverty alleviation	1104.94	1016.71 (40%)	2137.50	2347.59 (55%)	2629.13	2741.88 (63%)	3027.21	3166.61 (62%)	3862.59	3909.26 (47%)
Social Security	503.78	481.03 (19%)	745.47	678.33 (16%)	753.73	475.12 (11%)	910.09	792.67 (15%)	911.87	654.61 (8%)
Health & Family welfare	51.59	13.17 (0.5%)	46.75	110.74 (3%)	113.27	0.00	0.97	NA	0.87	0.87 (.01%)
Backward area development	183.00	125.20 (5%)	242.18	104.10 (25%)	216.03	208.75 (5%)	251.45	229.22 (4%)	204.62	300.32 (4%)
Development of natural resources	15.75	1.97 (0.1%)	13.67	7.72 (0.2%)	2.75	0.00	1.65	3.17 (0.06%)	0.28	3.28 (0.04%)
Rural Development	91.17	90.05 (4%)	87.27	93.84 (2%)	141.01	141.01 (3%)	945.05	NA	2,162.88*	1,428.42* (17%)
Rural roads	5.99	5.67 (0.2%)	8.80	8.80 (0.2%)	7.45	0.00	823.90	NA	431.55	343.73 (4%)
Rural Housing	702.92	701.97 (28%)	863.49	891.65 (21%)	791.45	796.83 (18%)	860.43	926.13 (18%)	680.69	910.18 (11%)
Education	90.76	90.75 (4%)	37.51	37.50 (0.9%)	7.50	0.00	60.00	NA	74.05	74.05 (0.1%)
Other sectors	0.16	0.91 (0.04%)	0.1	0.10	0.34	0.00	0.00	0.00	625.13	624.97 (8%)
Total	2750.06	2527.43	4182.74	4280.37	4662.66	4363.59	6880.75	5117.80	8954.53	8249.69

(Source: Panchayat & Rural Development Department)

* Receipts and expenditures increased due to inclusion of Central and State scheme and grant-in-aid in the current year.

It can be seen from the above table that,

- After introduction of MGNREGS, the fund flow increased in PRIs. Expenditure incurred under poverty alleviation increased and ranged between 40 and 63 per cent of total schematic expenditure during 2008-09 to 2012-13;
- Though the receipt and expenditure under social security sector increased by 81 per cent and 36 per cent respectively during 2012-13 in comparison to 2008-09, expenditure during 2012-13 declined by 18 per cent in comparison to 2011-12;
- During 2008-13, against receipt of ₹ 1097.28 crore under backward area development, PRIs expended ₹ 967.59 crore;
- Expenditure towards rural housing sector reduced to 11 per cent of total schematic expenditure during 2012-13 from 28 per cent in 2008-09; and
- Expenditure incurred under health and family welfare sector ranged between

nil and 3 per cent of total schematic expenditure during 2008-09 to 2012-13 and the same under education sector ranged between 0.01 and 4 per cent during that period.

1.9 Working of District Planning Committee

Article 243ZD of the Constitution envisaged that every State should constitute a District Planning Committee (DPC) at district level to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare draft development plan for the district as a whole. Further DPC should consider matters of common interest including spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure, environmental conservation etc. and the Chairperson of every district should forward the development plan as recommended by such Committee to the State Government.

The Districts in the State were requested (April 2013) by Examiner of Local Accounts (ELA), West Bengal to furnish details about the working of DPCs during 2012-13. Only 11 districts³ have furnished details **while remaining districts did not respond in spite of reminder (by ELA) in June 2013**. Review of the working of 11 DPCs revealed as under:

1.9.1 Functioning of DPC

Section 3 of the West Bengal District Planning Committee Act, 1994 provides that the State Government shall constitute a DPC in every district. Details of DPCs' formation and functioning in the districts are given below:

Table 1.7

Name of the District	Date of formation of DPC
Bankura	May 1985
Bardhaman	September 1996
Birbhum	October 1995
Dakshin Dinajpur	October 1995
Hooghly	August 1996
Howrah	August 2008
Malda	2008
Murshidabad	December 2008
Paschim Medinipur	December 2008
Purba Medinipur	August 2008
South 24 Parganas	January 2009

(Source: Replies of DPCs)

³ Bardhaman, Birbhum, Bankura, Malda, Murshidabad, South 24 Parganas, Howrah, Hooghly, Dakshin Dinajpur, Purba Medinipur and Paschim Medinipur

It is evident from the above that except in Bankura district, DPC was formed in most of the districts with a delay of one to 15 years after passing the West Bengal District Planning Committee Act, 1994.

1.9.2 Constitution of DPC

The State Government determines the number of members of DPC which shall be equal to the sum total of number of constituencies of the ZP for that district and one-fourth of that number provided (a) number of constituencies between 48 and 80 will have 60 members in the DPC and (b) if it is more than 80, the number of members will be 100. Eighty *per cent* members of the DPC will be elected by and from the elected members of the ZP and municipalities and 20 *per cent* will be appointed by the State Government.

In Birbhum and Malda district, out of 43 and 42 members respectively in the DPC there were only two appointed members in lieu of prescribed eight members. In other nine districts, prescribed percentage is more or less maintained in respect of number of appointed and elected members of DPC. In Purba Medinipur, there were 42 elected members against the prescribed 48 members.

1.9.3 Meeting of DPC

The State Government has so far not prescribed any periodicity for holding of meeting of DPC. In absence of this, it was noticed that while Dakshin Dinajpur district could hold three meetings, Malda, Murshidabad and Purba Medinipur districts held two DPC meetings during 2012-2013. Bankura, Birbhum, Hooghly, Howrah, Paschim Medinipur and South 24 Parganas districts had only one DPC meeting and Bardhaman district did not have any DPC meeting during that period.

In order to ensure regular monitoring of the implementation of the District Plans, Government may consider prescribing periodicity of holding of meeting by DPC.

1.9.4 Preparation of Draft Development Plan (DDP)

Bankura, Howrah, Malda, Murshidabad and Paschim Medinipur districts reported that, all the PRIs in the districts prepare their own plan and consolidated plans are received from ZP level. DPC integrates the plan prepared by all the three tiers of Panchayats along with the plans prepared by the District Urban Committee and the Line Departments.

District Plan prepared by DPC is to be sent to the Development and Planning Department, Government of West Bengal for preparation of State Plan. Bankura

district maintained the time schedule for acceptance of DDP while there was a delay of two to nine months from the scheduled date of acceptance (March 2012) in remaining 10 districts. The districts explained that the delay occurred due to non / late submission of draft plans by Line Departments/ ZPs, Bye Election in the district, etc.

It is evident that the DDP had little or no impact as State Plan was prepared well in advance before the commencement of financial year.

1.9.5 Assistance of technical experts and their responsibilities

Bardhaman, Hooghly, Howrah, Paschim Medinipur and Purba Medinipur districts reported that they had no team of technical experts to assist the DPC members for preparation of DDP. In South 24 Parganas, though there was no team of technical experts, DPC members were assisted by the District Planning Department. Dakshin Dinajpur district appointed a Kolkata based NGO for preparation of preparatory plan, compilation of GP and PS level plans. In Murshidabad and Malda districts, District Planning Officer (DPO), Economist Cum-Credit Planner (ECCP), Sub-Assistant Engineer (SAE), Deputy Director Economics & Statistics and Engineers assisted DPC members in compilation, preparation and further transmission of DDP. Birbhum stated that they sought technical expertise of the concerned line department while Bankura district reported that they had technical expertise but did not clarify the nature of assistance taken from them.

1.9.6 Fund sanctioned, released and utilised

In Malda district PRI plans constituted 94 *per cent* of the DDP for the year 2012-13 while in Hooghly district the same was 12 *per cent*. In remaining districts it ranged between 13 and 61 *per cent*.

In Bankura, Bardhaman and Paschim Medinipur districts percentage of fund sanctioned against amount projected for PRIs in DDP for the year 2012-13 was one, 19 and 56 *per cent* respectively. Birbhum district reported that no amount was sanctioned against the DDP for PRIs for the year 2012-13. The remaining districts did not furnish any information regarding amount sanctioned against DDP.

As regards utilization, Paschim Medinipur district reported that they utilised 60 to 70 *per cent* of the grants sanctioned to PRIs but remaining 10 districts failed to furnish any information.

1.9.7 Monitoring

Monitoring arrangement for implementation of various schemes in different

districts as reported by the DPCs of eleven districts is given below:

Table 1.8

Name of the districts	Monitoring arrangement
Bankura	DPC meeting and field level visit by District & Block level officials
Bardhaman	No monitoring arrangement
Birbhum	Does not arise as no fund was sanctioned against DP.
Dakshin Dinajpur	District Level Monitoring Committee and District level Officer
Hooghly	Respective department/ section
Howrah	District Magistrate, Member Secretary of DPC in consultation with <i>Sabhadhipati of Zilla Parishad</i>
Malda	Monthly monitoring meeting and spot inspections
Murshidabad	Monthly review meeting held at ZP
Paschim Medinipur	District Authority/ Sub Divisional Authority/ Block Level Authority level meetings
Purba Medinipur	District Magistrate, Member Secretary and Chairman of DPC, Sabhadhipati of ZP etc.
South 24 Parganas	<ul style="list-style-type: none"> i) Development Monitoring Committee meetings at District, Sub-division and Block level; ii) Review meetings iii) Meetings of Standing Committees/ Sub-committees etc. iv) Report return v) Field visit

(Source: Replies of DPCs)

In the 11 Districts, functioning of DPC could not be ensured due to absence of information.

Thus the DPC formed in districts had scope for improvement. District plans were prepared as a routine exercise and without consideration of resource available for implementation of the proposals. Delay in preparation of plans signified that the plans had little or no impact on the State Plan. Districts did not follow up on receipt of funds against their plans. The State Government needed to take remedial measures to improve the efficiency and effectiveness of the DPC.

1.10 State Finance Commission Grants

Third State Finance Commission, constituted in February 2006, recommended allocation of ₹ 800 crore, constituting around 5 per cent of the State's own net tax revenue, to PRIs and ULBs in the ratio of 76:24 respectively for the year 2008-09 with the progressive increase of the allocation at the minimum rate of 12 per cent per annum on a cumulative basis for the year 2009-10 to 2012-13. The Government accepted the recommendation in July 2009 and started releasing grants from 2009-10 onwards.

The actual release under SFC to PRIs during 2009-10 to 2012-13 is shown below:

Table 1.9

(₹ in crore)

Year	Tax Revenue of the State Government	Recommended by SFC for PRIs & ULBs	Recommended by SFC for PRIs (76% of PRI & ULBs)	Actual release	Shortfall	Utilisation (%)
2009-10	16899.98	800.00	608.00	236.50	371.50	180.67 (76%)
2010-11	21128.74	896.00	680.96	301.80	379.16	61.64 (20%)
2011-12	24938.16	1003.52	762.28	252.47	509.81	268.31(106%)
2012-13	32808.49	1123.94	854.19	568.34	285.85	419.33 (74%)
Total	95775.37	3823.46	2905.43	1359.11	1546.32	929.95 (68%)

(Source: Panchayat & Rural Development Department)

It is evident from the above table that the State Government released only ₹ 1359.11 crore (47 per cent) against ₹ 2905.43 crore recommended for four years i.e. 2009-10 to 2012-13. Instead of progressive increase of 12 per cent per annum as stipulated above, actual release during 2011-12 decreased over previous year.

The tier wise receipts (sector wise information not furnished by State Government) and expenditure in different sectors from SFC grant during 2012-13 are as follows:

Table: 1.10

(₹ in crore)

Sl. No	Sector	Receipt of 3rd SFC grant during 2012-13			Expenditure			Total
		ZP	PS	GP	ZP	PS	GP	
1	Creation/ development of asset	68.09	102.20	398.05	19.30	22.14	86.03	127.47 (31%)
2	Social aspects				1.58	8.67	32.02	42.27 (10%)
3	Maintenance of existing PRI owned assets				2.91	8.93	42.73	54.57 (13%)
4	Contingent expenditure				0.27	0.36	4.82	5.45 (1%)
5	Others				15.46	35.57	138.54	189.57 (45%)
Total					39.52	75.67	304.14	419.33

(Source: Panchayat & Rural Development Department)

1.11 Audit mandate for PRIs

Examiner of Local Accounts (ELA), West Bengal has been appointed as Auditor under Section 186 of West Bengal Panchayat Act, 1973 to examine and audit

cent per cent accounts of funds of ZPs, PSs and GPs, vide Government Order dated 03.09.1980 (for ZPs and PSs) and notification dated 28.03.2003 (for GPs).

1.12 Audit Coverage

Accounts of 18 ZPs (including one MP), 109 PSs and 2,599 GPs for the year 2011-12 were audited during 2012-13. The audit findings are discussed in the succeeding Chapters.

1.13 Response to Audit Reports

In terms of Section 191(A) of West Bengal Panchayat Act, 1973, the Report of the ELA on PRIs shall be laid before the State Legislature and in terms of sub-rule 4A of Rule 310 ZG of the Rules of Procedure and Conduct of Business in West Bengal Legislative Assembly, matters relating to scrutinising the Report of the ELA on PRIs have been entrusted to the Standing Committee on Panchayats and Rural Development, Land & Land Reforms and Sundarban Development of West Bengal Legislative Assembly. Accordingly, Reports for the years ending 2004 to 2010 were laid before the State Legislature and the Standing Committee had considered all these Reports by March 2013. Thirty two recommendations have been made on those reports. No action taken note has been received till October 2013. Reports for the years ending 2011 and 2012 have been placed in the State Legislature in November 2013.

1.14 Pending Audit Observations of Inspection Reports

Section 191 (1) of the Act envisages that within two months from the receipt of the Inspection Report (IR), the GP, PS or ZP concerned shall, at a meeting, remedy any defect or irregularity pointed out in the IR and shall also inform the auditor of the action taken by it.

The following table indicates position of IRs and paragraphs pending for settlement, as on 31st August 2013.

Table 1.11

(₹ in crore)

Category of PRIs	IRs pending for settlement		No. of paras contained in the IRs awaiting settlement		Money value	
	More than 5 years	Less than 5 years	More than 5 years	Less than 5 years	More than 5 years	Less than 5 years
ZPs	40	99	165	754	273.15	689.38
PSs	386	790	1132	4346	212.89	371.40
GPs	4058	11090	37608	86399	NA	

(Source: Objection Book of ELA)

An Audit Committee comprising Principal Secretary/Secretary of P&RDD, representatives of Finance Department and ELA was formed for settlement of outstanding IRs. Six meetings were held by the Audit Committee during April 2012 to August 2013 on 448 outstanding paras of Howrah and North 24 Parganas but broad sheet replies alongwith comments of Regional Accounts and Audit Officer or P&RDD, with supporting documents had not been received from most of the PSs. As a result, final decision on those outstanding paras is still pending.

1.15 Recovery at the instance of audit

In course of audit of PRIs during 2012-13 it was observed that collection of revenue in respect of 21 PRIs in the shape of house rent receipt, trade registration fees, etc. was not deposited into PRI accounts. Besides, PRI made excess payment to suppliers and contractors due to non-deduction of tender rebate from the final bills, wrong computation of amount, non-deduction of void from material supply, allowing excess rate from the tender rate etc. during 2010-12. Upon the matter being brought to the notice of the concerned PRIs during field inspection, an amount of ₹ 2.66 lakh (**Appendix- III**) was recovered by the concerned PRIs and deposited into PRI accounts.