

# **CHAPTER 2**

## **Financial Management and Budgetary Control**

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## 2.1 Introduction

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

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

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2013-14 against 64 grants/appropriations is given in **Table 2.1**:

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

(₹ in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	75641.37	4923.56	80564.93	72795.28	(-) 7769.65
	II Capital	10074.72	2518.11	12592.83	7366.05	(-) 5226.78
	III Loans and Advances	768.46	143.00	911.46	663.31	(-) 248.15
<b>Total Voted</b>		86484.55	7584.67	94069.22	80824.64	(-) 13244.58
<b>Charged</b>	IV Revenue	19721.41	652.50	20373.91	20989.89	(+) 615.98
	V Capital	5.26	1.31	6.57	0.79	(-) 5.78
	VI Public Debt- Repayment	28826.82	11113.63	39940.45	32819.45	(-) 7121.00
<b>Total Charged</b>		48553.49	11767.44	60320.93	53810.13	(-) 6510.80
<b>Grand Total</b>		135038.04	19352.11	154390.15	134634.77	(-) 19755.38

Source: Appropriation Accounts; Difference w.r.t. Appropriation Accounts is due to rounding.

Note: The expenditure excludes the recoveries adjusted as reduction of expenditure under revenue expenditure ₹ 1987.89 crore (Voted ₹ 1985.97 crore and Charged ₹ 1.92 crore) and capital expenditure ₹ 439.91 crore (Voted).

The overall saving of ₹ 19755.38 crore was the result of saving of ₹ 21259.75 crore in 55 grants and 22 appropriations under revenue section and 48 grants and 12 appropriations under capital section, *offset* by excess of ₹ 1504.37 crore in eight grants and four appropriations under revenue section and five grants and six appropriations under capital section.

The savings/excesses (Detailed Appropriation Accounts) were intimated to the Departmental Controlling Officers (DCOs) requesting them to explain the significant variations. Explanations for variations in respect of the sub-heads mentioned in Appropriation Accounts 2013-14 were not received from any department. Substantial savings occurred in Finance, School Education, Irrigation & Waterways, Health & Family Welfare and Municipal Affairs departments.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 91 cases<sup>1</sup>, savings exceeded by more than 20 per cent of the total provision (*Appendix 2.1*). Savings exceeding ₹ 500 crore occurred in each of the six cases relating to six grants are indicated in *Table 2.2*.

**Table 2.2: List of Grants with major savings**

(₹ in crore)						
Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
<b>Revenue-Voted</b>						
1	15-Education (School)	17020.80	-	17020.80	14902.33	2118.47
2	39-Municipal Affairs	4211.82	-	4211.82	3030.13	1181.69
	<b>Total</b>					<b>3300.16</b>
<b>Capital-Voted</b>						
1	24-Health and Family Welfare	600.60	1155.46	1756.06	571.61	1184.45
2	25-Public Works	2055.12	641.51	2696.63	1853.15	843.48
3	32-Irrigation and Waterways	2122.78	-	2122.78	607.32	1515.46
	<b>Total</b>					<b>3543.39</b>
<b>Capital-Charged</b>						
1	18-Finance	28742.57	11105.38	39847.95	32734.59	7113.36
	<b>Total</b>					<b>7113.36</b>

Source: Appropriation Accounts

### 2.3.2 Persistent Savings

There were persistent savings during the last five years<sup>2</sup> in 22 sub heads under 16 grants. Details are given in *Appendix 2.2*. Persistently high savings were

<sup>1</sup> Comprising 29 cases in Revenue-Voted section, 40 cases in Capital-Voted section, 18 cases in Revenue-Charged section and 4 cases in Capital-Charged section.

<sup>2</sup> In respect of 4401-01-789-SP-001-Scheme under RKVY (Capital-Voted), 4202-01-201-SP-004-Development of Aliah University(Capital-Voted) where savings of 100 per cent were persistently noticed for five years ending 2013-14 and in respect of 3055-00-800-NP-006-Schemes under RIDF(Revenue-Voted) where savings of 100 per cent were persistently noticed for four years ending 2013-14.

noticed under capital-voted section in schemes against (i) Rashtriya Krishi Vikash Yojana (RKVY), (ii) Development of Aliah University and (iii) Teesta Barrage Project works under Accelerated Irrigation benefit programme etc. In revenue-voted section, savings occurred persistently in (a) Development of Sundarban and (b) Interest subvention to Co-operative banks relating to financing of crop loans to farmers etc.

### 2.3.3 Expenditure in excess of budget provisions during 2013-14 requiring regularisation

**Table 2.3** contains the summary of total excess expenditure under 13 grants and eight appropriations amounting to ₹ 1504.36 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2013-14 which requires regularisation under Article 205 of the Constitution.

**Table 2.3: Excess over provisions during 2013-14 requiring regularisation**

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
<b>Voted Grants</b>					
1	13-Revenue	Higher Education	2406.54	2414.92	8.38
2	15-Capital	School Education	355.01	410.96	55.95
3	18-Revenue	Finance	13339.87	13468.15	128.28
4	26-Revenue	Hill Affairs	637.98	647.40	9.42
5	27-Revenue	Home	4104.81	4201.20	96.39
6	35-Capital	Labour	1.50	1.68	0.18
7	36 Capital	Land and Land Reforms	36.59	38.43	1.84
8	40-Revenue	Panchayat and Rural Development	6459.05	6543.51	84.46
9	43-Capital	Power and Non-Conventional Energy Sources	663.76	942.71	278.95
10	45-Revenue	Public Health Engineering	972.42	1021.32	48.90
11	53-Revenue	Transport	936.39	964.61	28.22
12	60- Revenue	Civil Defence	316.44	324.62	8.18
13	64-Capital	Child Development	85.00	129.65	44.65
<b>Total</b>		<b>Voted</b>			<b>793.80</b>
<b>Charged Appropriations</b>					
1	9-Revenue	Commerce and Industries	1.45	2.52	1.07
	9 Capital		1.97	5.90	3.93
2	18-Revenue	Finance	20044.01	20733.59	689.58
3	19 Capital	Fire and Emergency Services	0.20	0.40	0.20
4	32-Capital	Irrigation and Waterways	0.58	0.73	0.15
5	36-Revenue	Land and Land Reforms	1.00	16.10	15.10
6	40 Revenue	Panchayat and Rural Development	0.40	0.50	0.10
7	45-Capital	Public Health Engineering	0.75	1.18	0.43
<b>Total</b>		<b>Charged</b>			<b>710.56</b>
<b>Grand total</b>					<b>1504.36</b>

Source: Appropriation Accounts

### 2.3.4 Excess expenditure of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess expenditure is done after completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 30433.77 crore for the years 2006-2013 was yet to be regularised as of September 2014 as detailed in Table 2.4.

**Table 2.4: Excess over provisions relating to previous years requiring regularisation**

Year	Number of		Amount of excess over provisions (₹ in crore)
	Grants	Appropriations	
2006-07	12 (Grant Nos. 8,9,11,13,20,26,28,30, 31,43,45,54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293.31
2007-08	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12145.54
2008-09	13 (Grant Nos. 4, 9, 18, 20, 21, 25, 27, 35, 50, 52, 53, 54, 59)	4 (Grant Nos. 12, 18, 39, 53)	705.89
2009-10	16 (Grant Nos. 4, 5, 19, 20, 21, 23, 24, 25, 27, 28, 33, 35, 40, 43, 53, 56)	6 (Grant Nos. 5, 18, 20, 29, 32, 43)	3492.90
2010-11	13 (Grant Nos. 4, 5, 15, 18, 20, 22, 23, 25, 27, 33, 35, 46, 60)	10 (Grant Nos. 11, 18, 23, 27, 35, 42, 43, 45, 47, 53)	8330.72
2011-12	6 (Grant Nos. 4,5,18,25,47,60)	13 (Grant Nos. 5, 12, 18, 20, 23, 25, 27, 32, 39, 42, 43, 46, 53)	5000.45
2012-13	7 (Grant Nos. 7, 11, 13, 21, 43, 45, 60)	7 (Grant Nos. 19, 20, 23, 27, 36,39, 40)	464.96
<b>Total</b>	<b>81</b>	<b>56</b>	<b>30433.77</b>

Source: Appropriation Accounts

Thus, excess expenditure for the years 2006-07 to 2013-14 amounting to ₹ 31938.13 crore<sup>3</sup> needs regularisation. In case of most of the grants, inadequate supplementary provision led to excess expenditure, which indicates lack of control over financial management by the controlling officers.

### 2.3.5 Significant excess expenditure

In 20 cases, expenditure aggregating ₹ 51868.41 crore exceeded the approved provisions by more than ₹ 1 crore in each case or by more than 20 per cent of the total provisions. Details are given in Appendix 2.3.

### 2.3.6 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 8553.05 crore<sup>4</sup> was incurred in 62 cases as detailed in Appendix 2.4 without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

<sup>3</sup> ₹ 30433.77 crore pertaining to 2006-13 plus ₹ 1504.36 crore pertaining to 2013-14

<sup>4</sup> This includes ₹ 989.14 crore on account of book adjustment for creation of the West Bengal Compensatory Entry Tax Fund, and ₹ 3700.99 crores towards book adjustment of repayment of market loan from bearing interest to non-bearing interest.



Excess expenditure was mainly due to repayment of public debt of ₹ 3865.90 crore and ₹ 3100.56 crore interest payments for which no provision had been made. Similar excess expenditure of ₹ 4831.27 crore was incurred on repayment of loan and interest payment in the previous year indicating that it is not one off occurrence.

Reasons for incurring expenditure without any budget provision were not intimated by the departments (July 2014).

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 2259.86 crore obtained in 33 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in *Appendix 2.5*. On the other hand, in ten cases, supplementary provision of ₹ 4852.91 crore proved insufficient by more than ₹ 1 crore in each case leaving an aggregate uncovered excess expenditure of ₹ 1421.99 crore (*Appendix 2.6*). Five illustrative cases are described below:

Under **Revenue Voted Section of Grant Number 24 -Health and Family Welfare**, savings out of original provision stood at ₹ 133.77 crore, further supplementary provision of ₹ 94.85 crore proved to be unnecessary.

Under **Revenue Voted Section of Grant Number 43-Power and Non-Conventional Energy Sources**, savings out of original provision was ₹ 185.11 crore, further supplementary provision of ₹ 80.67 crore proved to be unnecessary.

Under **Capital Voted Section of Grant Number 24 -Health and Family Welfare**, savings out of original provision was ₹ 28.99 crore, further supplementary provision of ₹ 1155.46 crore proved to be unnecessary.

Under **Capital Voted Section of Grant Number 25 -Public Works**, savings out of original provision was ₹ 201.97 crore, further supplementary provision of ₹ 641.51 crore proved to be unnecessary.

Under **Revenue Charged Section of Grant Number 18 -Finance**, supplementary provision of ₹ 647.97 crore proved insufficient leaving an uncovered excess expenditure of ₹ 689.58 crore.

### 2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases were noticed where injudicious re-appropriation proved excessive or insufficient leading to savings of ₹ 2034.07 crore (in 92 sub-heads under 30 grants) and excess expenditure of ₹ 283.62 crore (in 31 sub-heads under 18 grants) as detailed in *Appendix 2.7*.

### 2.3.9 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance department as and when savings are anticipated. At the close of the year 2013-14, under 51 grants and 18

appropriations, no part of the aggregate savings of ₹ 18363.58 crore was surrendered by the concerned departments, as detailed in **Appendix 2.8**. Such savings which were not surrendered accounted for 86 *per cent* of the total savings of ₹ 21259.75 crore during 2013-14.

Similarly, out of total savings of ₹ 2413.09 crore under 14 grants/ appropriations, only ₹ 1282.17 crore was surrendered (short surrender by ₹ one crore and above in each case) leaving balances not surrendered aggregating ₹ 1130.92 crore (47 *per cent* of savings under those grants), details of which are given in **Appendix 2.9**.

Besides, in 14 cases under 13 grants (surrender of funds in excess of ₹ one crore), ₹ 1997.61 crore were (**Appendix 2.10**) surrendered on the last working day of March 2014 or thereafter indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

Under Grant number **17-Excise (Revenue Voted)**, out of total grant/appropriation of ₹ 110.40 crore, there were savings of ₹ 30.55 crore. The department, however, surrendered ₹ 33.89 crore indicating excess surrender of ₹ 3.34 crore.

Similarly, under Grant number **43- Power and Non-conventional energy sources (Revenue Voted)**, out of total grant/appropriation of ₹ 1301.87 crore, there was saving of ₹ 265.78 crore. The department, however, surrendered ₹ 267.99 crore indicating excess surrender of ₹ 2.21 crore.

#### **2.3.10 Rush of expenditure**

According to Rule 389 A of West Bengal Financial Rules (WBFR), rush of expenditure in the closing month of the financial year should be avoided.

During the year 2013-14, ₹ 10969.59 crore (21 *per cent* of the total expenditure) was incurred during March 2014, of which ₹ 3114.70 crore (28.39 *per cent*) was disbursed on the last working day of March 2014. High percentage of expenditure in March, especially on the last working day of March indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained.

#### **2.3.11 New Service/New Instrument of Service**

Article 205 of the Constitution provides that expenditure on a "New Service" not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature.

In seven cases, expenditure totalling ₹ 37.09 crore which should have been treated as "New Service"/"New Instrument of Service" was met without obtaining the requisite approval of the Legislature. Details of these cases are given in **Appendix 2.11**.

### **2.4 Advances from Contingency Fund**

The Contingency Fund of the State has been established under the Act in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are permissible only for meeting expenditure of an unforeseen and

emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. Advances from West Bengal Contingency Fund may be given for meeting expenditure in the circumstances where (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained. The Fund is in the nature of an imprest and has a corpus of ₹ 20 crore.

Out of two crore drawn during the year, an amount of ₹ 1.87 crore was recouped, leaving a balance of ₹ 0.13 crore in 'Social Security and Welfare' remaining to be recouped to this fund at the end of 2013-14.

## 2.5 Misclassification of Expenditure

### *Misclassification of capital expenditure as revenue expenditure*

Transactions from Consolidated Fund are divided into two main divisions - Revenue and Capital in Government accounts. Revenue expenditure is recurring in nature and is supposed to be made from revenue receipt whereas capital expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character to be met from borrowed funds and capital receipts.

Object heads like 51-Motor vehicles, 52-Machinery & Equipments, 53-Major works, 54-Investments, 55-Loans & Advances, 56-Repayment of Borrowing, 77-Computerisation, 87-Regeneration of plantation and 91- Renewals & Replacements are capital class in nature. It was observed in audit that during 2013-14 the State Government incurred gross expenditure of ₹ 436.08 crore on these object heads under revenue account. Misclassification of capital expenditure as revenue expenditure has resulted in over statement of revenue deficit by ₹ 436.08 crore.

### *Misclassification of Grants-in-Aid as other charges*

Grants-in-Aid are to be classified under object head 31-Grants-in-Aid-General. However, review of the Sub-head Accounts indicated that ₹ 10.26 crore actually spent as "Grants-in-Aid" was booked under object head 50-Other Charges. This has resulted in Grants-in-Aid being understated by ₹ 10.26 crore with expenditure under Other Charges overstated to the same extent.

## 2.6 Outcome of Inspection of Treasuries

Review of treasuries during the year 2013-14 revealed the following:

### *Overpayment of Pension*

- An amount of ₹ 157.31 lakh was paid in excess in respect of family pension due to non-reduction of basic pension from enhanced rate to normal rate (FP). Such overpayments were made in 144 cases spread across 24 treasuries.
- An amount of ₹ 106.99 lakh was credited to the bank account of the pensioners even after death of the pensioners in 707 cases spread across 34 treasuries. The said amount was not recovered from the concerned banks and deposited to Government accounts.



- An amount of ₹ 35.07 lakh was paid in excess in 30 cases spread across six treasuries due to irregular grant of dearness relief on the basis of revised basic pension under ROPA 2009.
- An amount of ₹ 15.37 lakh in respect of 13 pensioners spread across seven treasuries was paid in excess due to non-reduction of commuted portion from the basic pension.

### ***Abstract Contingent Bills***

On scrutiny of the records of Advance Check Register of 44 treasuries it was noticed that pending submission of DC bills, an amount of ₹ 326.25 crore was lying unadjusted, drawn between 1987-88 and 2013-14 by different DDOs from the Consolidated Fund of State through 6255 AC bills.

### ***Allotment of Funds***

On scrutiny of the Allotment Register, it was observed that excess draws over allotment made during 2012-13 were not regularised during the financial year 2012-13 in 28 treasuries, despite clear instructions of Finance department in this regard.

### ***Non-transferring Lapsed deposits into Government Account***

Scrutiny revealed that contrary to the provisions contained in West Bengal Treasury Rules, deposits or balances amounting to ₹ 14.20<sup>5</sup> crore spread across 18 treasuries unclaimed for more than three complete accounting years after the year of deposit, had not been transferred to the Government account, details of which are given in *Appendix 2.12*.

## **2.7 Review of budgetary process and financial management**

The Finance Department, Government of West Bengal is responsible for management of finances of the State Government and one of the major functions of the Department is budgeting. Budget estimates are to be prepared based on materials obtained from the local budgeting officers. The responsibility for preparation of annual budget estimate for a department by collecting necessary inputs from the lower level functionaries (DDOs) lies with the Departmental Controlling Officer (DCO) of that department. The detailed procedure for the same and time schedule for submission of the same to the Finance department have been stipulated in the West Bengal Financial Rules (WBFR) as well as the West Bengal Budget Manual (WBBM).

The Public Accounts Committee (2011-12) in its report (December 2011) *inter alia* recommended for more meaningful supervisory and guiding role of the Finance Department to ensure effective co-ordination between various estimating and disbursing authorities, furnishing expenditure figures by the DDOs to their controlling officers, watch over progress of expenditure by the controlling officers, exercise of due prudence by the departments at every stage of budgetary process etc.

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<sup>5</sup> Revenue Deposits : ₹ 6.56 crore; Earnest money/Security deposits : ₹ 5.53 crore; Personal deposits of Land Acquisition Collector/Rent Controller : ₹ 1.61 crore, Deposits in connection with Election : ₹ 0.50 crore

In the light of the provisions of WBFR and WBBM as well as above recommendations of PAC, the systems of preparation of budget as well as expenditure control followed by three departments namely, Animal Resources Development (ARD), Technical Education & Training (TE&T) and Refugee Relief and Rehabilitation (RR&R) during 2009-10 to 2013-14 were reviewed in Audit. Various deficiencies in budget preparation process, control over expenditure as well as lack of prudence in financial management, as discussed in the succeeding paragraphs were observed.

### 2.7.1 Budget preparation process

Under the provisions of WBFR and WBBM, the departmental budget estimates are required to be prepared by the respective departments after obtaining budget proposals from the subordinate offices. However deviation from the laid down procedures in respect of preparation of budget was noticed in the departments under review as detailed below.

#### A) *Non-obtaining of input from field level*

None of the three (ARD, TE&T and RR&R) departments obtained inputs from the field level DDOs while preparing budget. As a result budget was not prepared realistically.

- In case of ARD Department, Budget Estimate (BE) and Revised Estimate (RE) were not prepared on the basis of inputs or budget proposals furnished by the subordinate offices. BE of salary component under Non-plan (NP) head was prepared on the basis of previous year's BE and actuals. In State Plan (SP) head, ceiling was fixed by the Finance Department and BE was prepared within the ceiling of the allocation for the particular financial year.
- TE&T Department while preparing plan budget convened a meeting every year by State Planning Board (SPB) to discuss and ensure reflection of guidelines of Planning Commission in the budget. The size of allocation for the year is intimated by the Finance Department. However, in case of formulation of NP components including estimation of salary, BE was prepared on *ad-hoc* basis, without considering actual staff strength of the subordinate offices.
- RR&R Department also prepared the budget on *ad-hoc* basis. The provisional allocation was made by the Finance Department. On the basis of this allocation department prepared the head of accounts wise budget and submitted the same to Finance Department.

This may be viewed with the fact that there has been persistent savings in both ARD and TE&T Department {refer *Appendix 2.2*} in almost all five years covered under audit.

#### B) *Delay in submission of budget estimates*

In terms of Rule 333 of WBFR it is essential that the time schedule prescribed for submission of budget estimate should be strictly adhered to so that the Finance department is able to have a realistic assessment of requirement of funds from

the administrative departments before finalizing the BE for placement in the Legislature. The scheduled date for submission of the budget estimates by the administrative departments to Finance department is 15 October of the previous financial year. Test check of the three departments, however, revealed that there were delays ranging from 32 to 136 days<sup>6</sup> in submission of budget estimates in respect of RR&R and TE&T Departments for the years 2012-13 and 2013-14.

### C) *Non-maintenance of Departmental Consolidated Accounts*

In terms of Rule 384 read with 385 of WBFR, the DCO or the Disbursing Officer, under whose disposal a particular grant is placed, is required to keep a constant watch over the progress of expenditure every month under different units of appropriation in order to take early steps for obtaining supplementary grants or surrendering any probable savings as may be necessary. Further, the DCOs were required to keep up-to-date information of expenditures incurred by various DDOs and to reconcile the expenditure with those compiled by the Principal Accountant General (A&E). This would also enable the DCOs to prepare realistic budget proposals based on factual figures of receipts and expenditures.

ARD, TE&T and RR&R Department did not maintain Departmental Consolidated Accounts (DCA) and as such there was no scope for reconciliation of departmental figures with those compiled by the Principal Accountant General (A&E).

Thus, lacunae in budget preparation process remains a matter of concern inspite of recommendations of PAC, as various provisions of WBFR and WBBM continue to be not followed. Finance department also fell short of its supervisory / guiding role on budget preparation process envisaged by the Committee resulting in non-timely surrender of the excess savings by the various departments.

## 2.7.2 *Budget Management in selected Grants*

### A) *Persistent Savings*

A review of budgetary and expenditure control during 2009-10 to 2013-14 in respect of grant numbers 6, 46 and 51 revealed substantial savings as discussed under:

**Table 2.5: Persistent savings under voted grants**

Grant No	Section	Quantum of savings (percentage to total allocation)				
		2009-10	2010-11	2011-12	2012-13	2013-14
6- Animal Resources Development	Revenue	32.57 (7)	51.07 (10)	118.07 (20)	179.06 (25)	240.80 (33)
	Capital	34.63 (81)	39.02 (72)	42.50 (70)	41.37 (74)	52.30 (68)
46- Refugee Relief and Rehabilitation	Revenue	0.53 (1)	-	24.93 (46)	30.21 (50)	18.27 (38)
	Capital	0.05 (0)	16.93 (84)	1.78 (8)	30.87 (56)	27.20 (50)
51- Technical Education and Training	Revenue	47.75 (16)	59.27 (19)	85.68 (25)	63.09 (17)	76.10 (20)
	Capital	42.78 (46)	151.59 (75)	127.26 (65)	214.57 (76)	135.10 (45)

Source: Appropriation Accounts

<sup>6</sup>RR&R Department: 32 days in 2012-13 and 121 days in 2013-14; TE&T: 130 days in 2012-13 and 136 days in 2013-14

It is evident from the table above that there were persistent savings in the above grants under both the revenue and capital heads.

Persistent savings in a substantial number of grants over the years is indicative of assessment of funds by the Government without proper scrutiny of expenditure requirements. Savings should be surrendered as soon as it is anticipated, so that the amount could be utilised elsewhere.

**B) Non-utilisation of budget provisions and non-surrender**

As per the WBBM any unspent balances should be surrendered by the controlling officers to the administrative departments by 14 February and by the administrative departments to the Finance department by the 21 February each year. Of the savings amounting to ₹ 1985.35 crore, only ₹ 78.05 crore had been surrendered by TE&T department in Grant No. 51 during 2009-10, leaving a balance of ₹ 1907.30 crore<sup>7</sup> remaining not surrendered even at the end of the financial years.

- ARD Department did not maintain necessary records to keep constant watch over the progress of expenditure under different units of appropriation and that of liabilities and thereby could not keep itself abreast of circumstances which may affect the progress of expenditure in order to take early steps for surrendering any probable savings.

In reply to an audit query department stated that the district authority generally surrender the savings at the close of the financial year.

- RR&R Department stated that the inordinate delay in receipt of report on Net Grants statements made it impossible to surrender unspent balances to Finance Department by 21 February each year as mandated by WBFR.
- TE&T Department stated that "surrender of the savings was not in vogue due to non-submission of data by the directorates".

Thus, the CCOs and the Heads of the departments did not fully comply with the budgetary controls laid down in the WBBM and thereby frustrated the basic objectives of preparation of State budget.

**C) Expenditure without provision**

WBBM lays down that expenditure, for which no provision has been made in the Budget Estimate of the current year, should rarely, if ever, be incurred.

However, contrary to the aforesaid provision, expenditure amounting to ₹ 10.98 crore, ₹ 24.62 crore and ₹ 4.18 crore were incurred against grant numbers 6, 46 and 51 respectively during 2009-14 even though no provisions for the same existed in the original estimates/supplementary demand.

<sup>7</sup> ₹ 925.14 crore in respect of Grant 51: Technical Education & Training; ₹ 831.39 crore in respect of Grant 6: Animal Resources Development; ₹ 150.77 crore in respect of Grant 46: Refugee Relief and Rehabilitation;

**D) Unnecessary Supplementary Grants**

WBBM stipulates that when unforeseen circumstances make it necessary to incur expenditure not contemplated in the Appropriation Act, every effort should be made to meet the same from savings elsewhere within the same grant (voted or charged) by postponement or curtailment of less urgent expenditure. Only if it is not possible to make the requisite amount available by this means, should recourse be had to supplementary estimates.

In view of savings of ₹ 808.22 crore of the original grant (₹ 3264.48 crore), supplementary provisions of ₹ 23.49 crore during 2009-14 in grant number 6 proved unnecessary, details of which are given in *Appendix 2.13*.

**E) Unnecessary Budget provision**

As per provisions contained in the WBBM, each budgeting authority will be responsible for the correct preparation of estimates (both for BE and RE) in respect of the receipts and expenditure. Every attempt should be made to prepare accurate estimates as far as possible and care should be taken by the Administrative Department in submitting proposals for supplementary estimates to avoid large savings or excesses at the end of the financial year.

Test check of net grant statements during the year 2009-14 revealed that budget provisions of ₹ 58.81 crore and ₹ 14.75 crore were made against grant numbers 46 and 51 respectively (from 2009-10 to 2013-14) and ₹ 35.36 crore against grant number 6 (pertaining to 2010-11 and 2012-13 to 2013-14) in respect of 123<sup>8</sup> head of accounts. But no expenditure was incurred against those heads, indicating provisioning of budget without proper assessment.

**F) Non provision of fund in BE affecting implementation of e-Governance**

Ministry of Communication and Information Technology, GoI, requested (April 2010) Department of information and Technology (IT), GoWB to earmark two to three *per cent* of state plan budget towards e-governance initiatives in order to make electronic delivery of citizens centric services. IT department requested (September 2010) the Department of RR&R to take initiatives for implementation of the scheme. Department of RR&R expressed (February 2011) their inability to earmark two to three *per cent* of planned budget during 2011-12 citing reasons of paltry budget allocations of ₹ 22 crore. However, scrutiny of sub-head account revealed that of the planned budget allocations, only ₹ 20.26 crore were drawn by the Department leaving a balance of ₹ 1.74 crore (eight *per cent*) as savings. Thus, despite having sufficient budget allocation, the Department failed to provide for e-governance initiative of the GoI due to improper planning.

**G) Provisioning of fund in outdated scheme**

During 2011-12, 2012-13 and 2013-14 an amount of ₹ 3.30 crore, ₹ 3.60 crore and ₹ 3.92 crore respectively was provided under head of account '2235-SSW-01-800-NP-004-Supply of goods, (RE)-21-Materials and Supply-04-Others' under

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<sup>8</sup> 66 in grant number 46; 32 in grant number 51; 25 in grant number 6



grant number 46, though the scheme is no longer operational. Resultantly, no part of the funds was utilized. No reason was forthcoming from records of RR&R Department for provisioning of fund for an outdated scheme pointing to an unrealistic basis of preparation of budget.

**H) Provisioning of fund by the Finance Department in an un-requisitioned scheme**

Absence of correlations between requirements and BE prepared by the finance department would be further evidenced from the following instances where Finance Department had made budget provisions under certain heads of account without any requisition for such funds from the respective departments:

- During 2011-12, under head of account 2235-SSW-01-202-NP-021-one time payment of compensation for rehabilitation (RE)-31-Grants-in-Aid-02-Other Grants, Finance Department made budget provision of ₹ 16.70 crore, though the RR&R Department had not placed any requirement of funds. Again, despite non-requisition of funds by the RR&R Department, Finance Department made budget provisions of rupees five lakh each during the period 2009-10 to 2013-14 for the scheme under the head of account 6235-Loans for SSW-01-103-DPS from former East Pakistan-NP-001-Loans to DPS (RE)-55-Loans and Advances. In both cases, neither was any portion of the fund utilized nor re-appropriated or surrendered by the department.

## 2.8 Drawal of funds for works expenditure by-passing Treasury checks

For meeting expenditure on construction works, West Bengal Treasury Rules<sup>9</sup> (WBTR) provide that Drawing and Disbursing Officer (DDOs) shall obtain funds from Treasury by drawing contingent bills containing full description of each item of expenditure, together with details, where necessary, showing the rates and quantities, and contractor's bills as sub-vouchers. Where details are not available at the time of drawal of funds, abstract contingency bill may be allowed, subject to submission of details of expenditure with necessary sub-vouchers within two months through Detailed Contingent (DC) bills.

However, without amending the provisions of WBTR, Finance Department issued (February 2013) an order introducing a new procedure for drawal of funds by the departments other than works departments, to get works executed through public sector units, autonomous bodies, development authorities etc. Under the newly introduced procedure, the executing agencies are *inter alia* required to place requisition for funds to its employing Department alongwith a bill (showing schedule of payment, progress of works etc.) in a prescribed format. The requisitioned amount would be allowed to be drawn from Treasury as fully vouched contingency bill, treating the said requisition and a certificate from the

<sup>9</sup>Rule 4.149 (1), 4.149 (2) and 4.025 (4).

concerned Departmental authority as supporting sub-vouchers. Unlike abstract contingency bills which need to be adjusted within two months through submission of detailed bills with all sub vouchers the stage has been shifted to, after completion of the work, and that too to employing department for onward transmission to Accountant General (A&E).

This has diluted the basic tenet of WBTR regarding submission of detailed vouchers and weakens the control/ pre-check system at department and treasury level.

During test-audit of vouchers received through the office of the Accountant General (A&E), West Bengal the following were observed;

- Two departments drew ₹ 205.75 crore (Agricultural Marketing Department drew ₹ 139.21 crore through seven bills under three Government orders, while Technical Education & Training Department drew ₹ 66.54 crore by 10 bills under eight GOs) from State exchequer based on the Finance Department's order for meeting works related expenditure without pre-checks by Treasury, as detailed in *Appendix 2.14*.
- The order of the Finance Department stipulated that funds were to be drawn through fully vouched contingency bills (in form no. TR 26) for onward disbursement of the funds to the agency organisation either by cheque or by transfer credit to its deposit account maintained in the treasury. Health & Family Welfare Department drew ₹ 300 crore (*Appendix 2.14*) through three transfer credit bills (in form no. TR 43) for transferring the amount to the Deposit account of West Bengal Medical services Corporation Limited, the executing agency for the work. The sanctioning order further added that the Corporation was to submit only Utilisation Certificates after spending the amounts so received instead of the requirement of submitting detailed vouchers through the DC bills under the WBTR, thereby further diluting the control.

Thus, new system of drawal of funds introduced by the Finance Department facilitated withdrawal of ₹ 505.75 crore out of the State exchequer by three departments by-passing pre-check at the Treasury in violation of the provisions of the WBTR and WBFR.

## 2.9 Conclusion and Recommendation

*Deficient budgetary control in Government departments was apparent from the instances of injudicious supplementary provisions, unnecessary/excessive re-appropriations, inadequate provision of funds, etc.*

*Procedure of preparation of budget as prescribed in the budget manual was not properly followed.*

*Excess expenditure for the years 2006-07 to 2013-14 amounting to ₹ 31938.13 crore needs regularisation.*

*During 2013-14, expenditure of ₹ 8553.05 crore was incurred in 62 cases without any provision in the original estimates/ supplementary demands and without any re-appropriation orders to this effect. Besides, anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. The Controlling Officers of three test checked departments did not monitor the progress of expenditure.*

### **Recommendation:**

- ***Government may consider taking steps to get the excess expenditure over budgetary allocations for the years 2006-2014 regularised by due process.***