

Chapter II

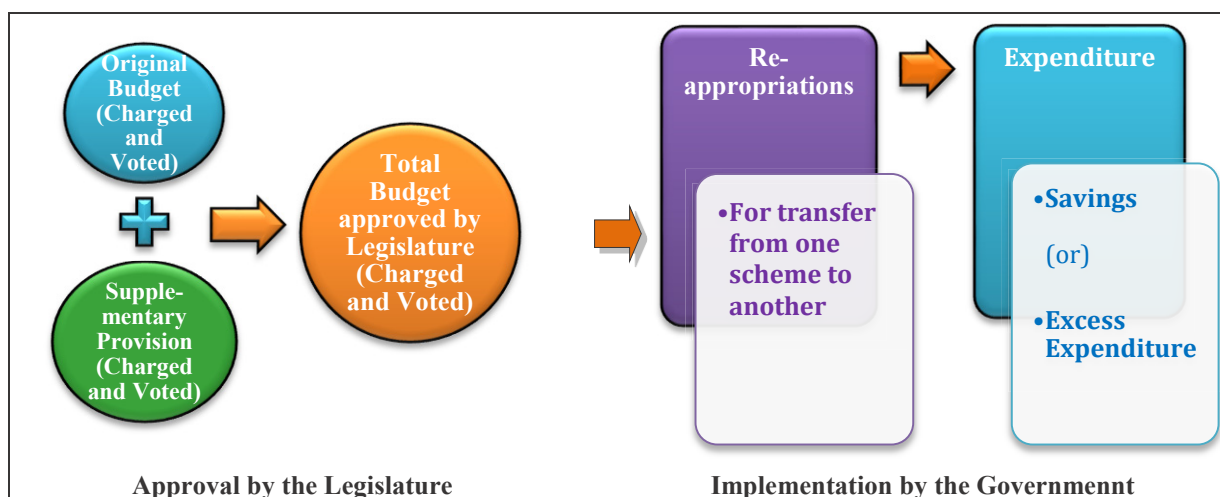
Financial Management and Budgetary Control

The Comptroller and Auditor General of India performs the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying the budget is within authorisations given under the Appropriation Act for the year, that expenditure required to be charged under provisions of the Constitution is so charged, and whether, expenditure is incurred in conformity with the law, relevant rules, regulations and instructions. This chapter analyses the Appropriation Accounts of the Government for the year 2018-19.

2.1 Financial Accountability and Budget Management

The State Legislature initially approves the annual budget. The Government presents *Supplementary Demands* (Paragraph 3 of Chapter II of the West Bengal Budget Manual) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, Re-appropriation is a mechanism which allows the State Government to transfer Savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same grant⁶⁷ and under the same section⁶⁸. Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

Chart 2.1: Flow chart of budget implementation



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

⁶⁷ Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

⁶⁸ Capital, Revenue and Loans

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 54 grants/ appropriations⁶⁹ is given in Table 2.1.

Table 2.1: Position of actual expenditure vis-à-vis allocations in 2018-19

| Nature of Expenditure | | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total Provision | Actual Expenditure | Savings (-) / Excess (+) | Savings/ Excess |
|-----------------------|------------------------|-------------------------------|------------------------------------|--------------------|--------------------|--------------------------|-----------------|
| | | | | | | | |
| 1 | | 2 | 3 | 4 | 5 | 6=(5-4) | 7=(6/4)*100 |
| Voted | Revenue | 1,20,523.24 | 15,175.06 | 1,35,698.30 | 1,29,199.63 | (-)6,498.67 | (-)4.79 |
| | Capital | 27,046.39 | 3,595.17 | 30,641.56 | 26,063.39 | (-)4,578.17 | (-)14.94 |
| | Loans and Advances | 872.63 | 239.24 | 1,111.87 | 865.49 | (-)246.38 | (-)22.16 |
| Total Voted | | 1,48,442.26 | 19,009.47 | 1,67,451.73 | 1,56,128.51 | (-)11,323.22 | (-)6.76 |
| Charged | Revenue | 27,722.28 | 3,170.55 | 30,892.83 | 29,540.19 | (-)1,352.64 | (-)4.38 |
| | Capital | 11.12 | 38.60 | 49.72 | 19.44 | (-)30.28 | (-)60.90 |
| | Public Debt-Repayment* | 41,582.81 | 2.53 | 41,585.34 | 45,786.02 | 4,200.68 | 10.10 |
| Total Charged | | 69,316.21 | 3,211.68 | 72,527.89 | 75,345.65 | 2,817.76 | 3.89 |
| Grand Total | | 2,17,758.47 | 22,221.15 | 2,39,979.62 | 2,31,474.16 | (-)8,505.46 | (-)3.54 |

Source: Appropriation Accounts of Government of West Bengal (2018-19)

* Includes repayment of Ways and Means Advances of ₹ 25,004.59 crore.

Against the gross provision of ₹ 2,39,979.62 crore during 2018-19, the actual gross expenditure was ₹ 2,31,474.15 crore (96.46 per cent). There was an overall savings of ₹ 18,274.70 crore and excess of ₹ 9,769.23 crore which resulted in net savings⁷⁰ of ₹ 8,505.46 crore in 2018-19.

2.2.1 Revenue, Capital and Loans and Advances

As per Paragraphs 3 of Chapter III of the West Bengal Budget Manual, the Government expenditure is categorised into three sections (i) Revenue Expenditure⁷¹, (ii) Capital Expenditure⁷² and (iii) Loans and Advances⁷³. Savings occurred in Revenue Account and Capital Account whereas excess occurred in Loans and Advances (Chart 2.2).

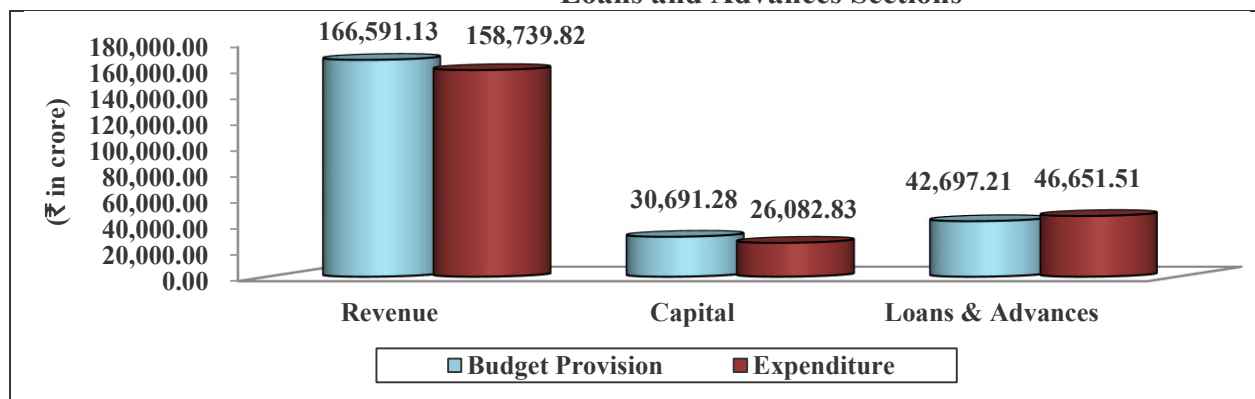
⁶⁹ Pursuant to Finance Department's Notification dated 6 February 2017, some grants/appropriations have been merged due to which 21 grants/appropriations were discontinued from 2017-18. Effectively, 54 grants / appropriations are in operation from 2017-18.

⁷⁰ Savings is the term used for indicating the amount that could not be spent out of budget provisions.

⁷¹ Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs, etc.

⁷² Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects, etc.

⁷³ Loan account is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them.

Chart 2.2: Budget provision and expenditure under Revenue, Capital and Loans and Advances Sections

Source: Appropriation Accounts

Revenue Expenditure (₹ 1,58,739.82 crore) was lower than the Budget Estimates by ₹ 7,851.31 crore (4.71 per cent). The programmes impacted by unspent savings of budget provisions were (i) National Rural Employment Guarantee Act (MGNREGA - Central Share- ₹ 1,742.23 crore; 70.48 per cent), (ii) Nirmal Bharat Abhiyan (Central Share ₹ 437.79 crore, 84.19 per cent), (iii) Secondary Schools for Boys and Girls (₹ 401.72 crore, 3.60 per cent) and (iv) Performance Grants to ULBs as per recommendation of the 14th Finance Commission (₹ 329.90 crore, 100 per cent).

In Capital Account, only 84.98 per cent of the budget provision was actually spent. Substantial savings occurred in (i) West Bengal Compensatory Entry Tax Fund (WBCETF) (₹ 300 crore, 100 per cent), (ii) Construction/ Up-gradation of AWC buildings under APIP on ICDS Schemes (Central Share- ₹ 295.52 crore, 98.51 per cent) and (iii) Flood Management Programme (State Share- ₹ 123.85 crore, 83.97 per cent).

Expenditure on Loans and Advances was higher than the Budget Estimates by ₹ 3,954.30 crore (9.26 per cent). This happened mainly due to excess expenditure on loans and advances over the budget provision under (i) Thermal Power Generation for state development scheme (₹ 1,488.07 crore, 744.04 per cent), (ii) Administrative expenditure for share of small savings collections and block loans (₹ 669.31 crore, 100 per cent) and (iii) Kalyani Spinning Mills (₹ 401.13 crore, 1,005.34 per cent).

2.2.2 Grant-wise Analysis

As per West Bengal Budget Manual, the Authority at whose disposal a grant is placed, is responsible to keep constant watch over the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The expenditure in West Bengal Government is incurred through 54 different grants. For the purpose of determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants. Savings and Excess Expenditures for

grants/ appropriations under Revenue, Capital and Loans and Advances sections are in **Table 2.2**.

Table 2.2: Total Excess or Savings under different grants

| Description | Revenue | | Capital | | Amount (₹ in crore) |
|--------------------------------|--------------------------------|--|------------------|--------------------------|------------------------|
| | Number of Grants ⁷⁴ | Number of Appropriations ⁷⁵ | Number of Grants | Number of Appropriations | |
| Savings occurred in | 45 | 23 | 36 | 18 | 18,274.70 |
| Excess Expenditure occurred in | 8 | -- | 11 | 1 | 9,769.23 |

Source: Appropriation Accounts

*Capital' section includes Loans and Advances

The grants in which savings and excess expenditure occurred are listed in **Appendix 2.1 and 2.2**.

Excess expenditure (42 per cent) was in 17 grants whereas savings in 54 grants (85 per cent) that provide fund for day to day administration.

2.2.2.1 Excess Expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article.

(i) **Excess Expenditure in current year:** There was an excess disbursement of ₹ 9,769.23 crore over the authorisation made by the State Legislature in respect of 17 grants⁷⁶ during the financial year 2018-19 (details in **Appendix 2.2**).

- Excess expenditure of ₹ 4,277.83 crore under Grant 18 – Finance Department (Capital Charged) was mainly due to (i) Administrative Expenditure on Special Securities issued to National small Savings Fund of the Central Government (₹ 725.42 crore) and (ii) Administrative Expenditure on Share of small Savings Collections (₹ 431.67 crore);
- Excess expenditure of ₹ 939.28 crore under Grant No 43 – Power and Non-Conventional Energy Sources Department (Revenue Voted) occurred mainly on account of Special Assistance to WBSEDCL for energizing power driven pump sets installed for Agricultural Purposes (₹ 500.00 crore).
- Excess expenditure of ₹ 465.70 crore under Grant 74 – Women & Child Development and Social Welfare Department (Revenue Voted) was

⁷⁴ Grants are the provisions voted by the Legislature for incurring voted expenditure

⁷⁵ Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

⁷⁶ In Grant 18, excess expenditure occurred both in Revenue (Voted) and Capital (Charged) sections

mainly due to implementation of *Kanyashree Prakalpa*⁷⁷ (₹ 391.75 crore).

Box 2.1: Expenditure without authorisation of the Legislature

In 2018-19, the expenditure of ₹ 6,477.92 crore was incurred without any budget provision, *i.e.*, neither in original nor in supplementary in 158 cases (at sub-head level) in respect of 31 grants and two appropriations (details in *Appendix 2.3*). These amounts were mainly spent on:

- Loans to WBSETCL⁷⁸ for Transmission and Distribution (JBIC) (₹ 1,171.95 crore) under Power & Non-Conventional Energy Sources Department (Grant No 43).
- Interest payments on (i) Market Loans, Loans from other Institutions & Special Securities issued to National Small Savings Fund of the Central Government (₹ 1,045.38 crore), (ii) Special Securities issued to NSSF of the Central Govt. by the State Govt (₹ 109.04 crore) and (iii) Loans from IBRD⁷⁹, Government of Japan & ADB (₹ 63.02 crore) under Finance Department (Grant No 18). Liabilities on account of interest as well as repayment of loans were ascertainable with a fairly high degree of accuracy at the time of budget making. Non-provision of funds on this account in the budget had led to underestimation of revenue deficit by ₹ 1,217.44 crore.

The expenditure, however, has been incurred from the Consolidated Fund of the State and as such approval of the Legislature was required.

Incurring huge expenditure without the budget provision (original or supplementary) not only undermines the authority of the Legislature but also is in violation of the will of the Legislature.

(ii) **Persistent excess expenditures:** Cases of excess expenditure are reported every year through Audit Reports on State Finances. There were, however, grants in which excess expenditure has occurred persistently during the last three years. The details are in **Table 2.3** below.

Table 2.3: Grants in which persistent excess expenditure occurred in last three years

| Sl. No. | Number and Name of the Grant | Amount of Excess(₹ in crore) | | |
|----------------------|--|------------------------------|---------|---------|
| | | 2016-17 | 2017-18 | 2018-19 |
| Revenue Voted | | | | |
| 1. | 7-Backward Classes Welfare | 32.05 | 273.38 | 357.41 |
| 2. | 24-Health & Family Welfare | 167.57 | 375.33 | 179.96 |
| 3. | 43-Power and Non-Conventional Energy Sources | 1,909.92 | 574.87 | 939.28 |
| Capital Voted | | | | |
| 4. | 53-Transport | 10.52 | 80.71 | 63.42 |

Source: Appropriation Accounts

⁷⁷ An initiative taken by the Government of West Bengal to improve the life and the status of the girls by helping economically backward families with cash so that families do not arrange the marriage of their girl child before eighteen years.

⁷⁸ West Bengal State Electricity Transmission Company Limited

⁷⁹ International Bank for Reconstruction and Development

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.

Recommendation 4: *The State Government may analyse the reasons for persistent excess expenditure on priority basis. The Finance Department should ensure that no Departmental Controlling Officers, including the Finance Department itself, resort to excess expenditure over the regular allocations approved by the State Legislature.*

2.2.2.2 Excess expenditure requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/ appropriation regularised by the State Legislature. The excess expenditure was to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

Excess disbursement of ₹ 26,695.26 crore in respect of 40 grants (**Appendix 2.4**) pertaining to the years 2009-10 to 2017-18 is yet to be regularised by the State Legislature. Of this, excess disbursement of ₹ 9,406.23 crore pertaining to the years 2013-14 to 2017-18 occurred in 32 grants and appropriations. Explanatory Notes of ₹ 18,793.39 crore in respect of 55 grants and 43 appropriations for 2009-14, however, have been discussed before the PAC by the concerned departments.

This is in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under Appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

Recommendation 5: *All the existing cases of excess expenditure need to be regularised at the earliest and, in future, such un-voted expenditure may be completely stopped.*

2.2.2.3 Savings

In the year 2018-19, the total savings were ₹ 18,274.70 crore, of which, ₹ 7,127.95 crore (39 *per cent*) pertained to 16 grants (Voted & Charged) with savings of more than ₹ 100 crore each and by more than 20 *per cent* of the total provision.

In addition, during the years 2014-19, there were cases of persistent savings of more than ₹ 100 crore each in respect of nine grants and one appropriation as shown in **Table 2.4**:

Table 2.4: Grants/Appropriations with persistent savings during the years 2014-19

| Sl. No. | Grant No. | Name of the Grant/ Appropriation | Savings (₹ in crore) (per cent) | | | | |
|------------------------|-----------|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Revenue Voted | | | | | | | |
| 1. | 6 | Animal Resources Development | 234.60 (28.41) | 300.81 (34.70) | 258.05 (31.45) | 263.41 (27.44) | 300.13 (30.24) |
| 2. | 11 | Micro, Small and Medium Enterprises & Textiles | 355.89 (46.52) | 216.05 (33.51) | 247.01 (35.59) | 384.99 (51.89) | 353.38 (49.16) |
| 3. | 15 | School Education | 1,058.50 (5.90) | 4,022.05 (19.16) | 3,413.17 (15.52) | 5,040.90 (20.06) | 1,300.58 (5.40) |
| 4. | 38 | Minority Affairs and Madrasah Education | 173.38 (11.68) | 156.35 (10.22) | 171.88 (11.56) | 108.95 (4.91) | 108.61 (4.62) |
| 5. | 40 | Panchayats& Rural Development | 349.58 (2.46) | 1,292.64 (7.08) | 2,806.73 (15.75) | 757.62 (3.79) | 3,396.81 (17.08) |
| Capital Voted | | | | | | | |
| 6. | 5 | Agriculture | 285.20 (39.18) | 399.22 (49.78) | 551.57 (68.77) | 433.87 (67.83) | 362.33 (66.56) |
| 7. | 15 | School Education | 1,726.40 (96.02) | 164.28 (62.46) | 547.65 (92.66) | 381.54 (87.89) | 182.35 (28.67) |
| 8. | 32 | Irrigation and Waterways | 952.30 (48.06) | 1,202.98 (58.05) | 1,391.61 (57.47) | 1,275.20 (55.31) | 1,037.57 (46.32) |
| 9. | 38 | Minority Affairs and Madrasah Education | 202.24 (23.38) | 985.41 (69.03) | 1,365.86 (83.72) | 1,105.99 (71.94) | 607.20 (43.43) |
| 10. | 52 | Tourism | 102.85 (51.17) | 185.44 (78.58) | 199.95 (79.74) | 186.42 (77.76) | 125.11 (59.01) |
| 11. | 55 | Water Resources Investigation & Development | 233.65 (38.54) | 366.24 (37.07) | 208.38 (27.20) | 241.34 (30.69) | 216.75 (27.01) |
| Revenue Charged | | | | | | | |
| 12. | 18 | Finance | 1,013.21 (4.49) | 1,448.63 (5.86) | 2,107.23 (7.51) | 159.44 (0.56) | 1,178.98 (3.87) |

Source: Appropriation Accounts

Box 2.2:

Rashtriya Krishi Vikas Yojana

In 2018-19, there was a saving of ₹ 154.60 crore under Rashtriya Krishi Vikas Yojana in respect of Grants-in-Aid provided under the scheme. Similar savings occurred in 2017-18 (₹ 214.80 crore), 2016-17 (₹ 148.43 crore), 2015-16 (₹ 186.90 crore) and 2014-15 (₹ 23.31 crore).

It was observed from the Appropriation Accounts that the State Government did not furnish reasons for such savings.

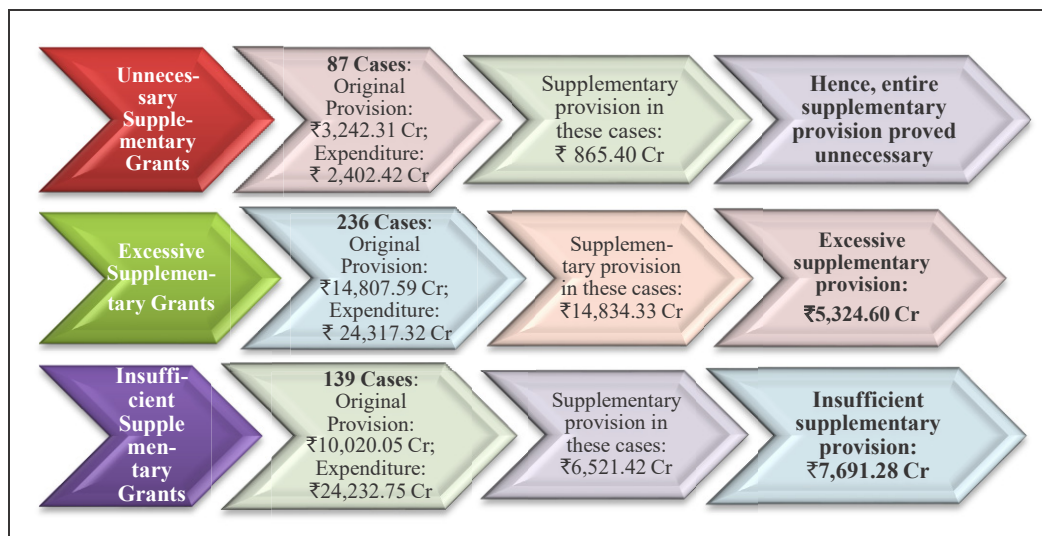
Persistent Savings under 10 departments (**Table 2.4**) indicate that the schemes under these departments did not receive the required priority by the Government

and there was inefficiency in implementation by the departments concerned/ implementing agencies.

2.2.3 Supplementary Grants

Audit analysis showed that supplementary grant of ₹ 6,190 crore, *i.e.*, 27.86 per cent of total supplementary grant (₹ 22,221.15 crore) was unnecessary/ excessive in 323 cases. On the other hand, in 139 cases the supplementary grant of ₹ 6,521.42 crore was not adequate to meet the requirement (₹ 14,212.70 crore) and fell short by ₹ 7,691.28 crore (54.12 per cent) (Chart 2.3).

Chart 2.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



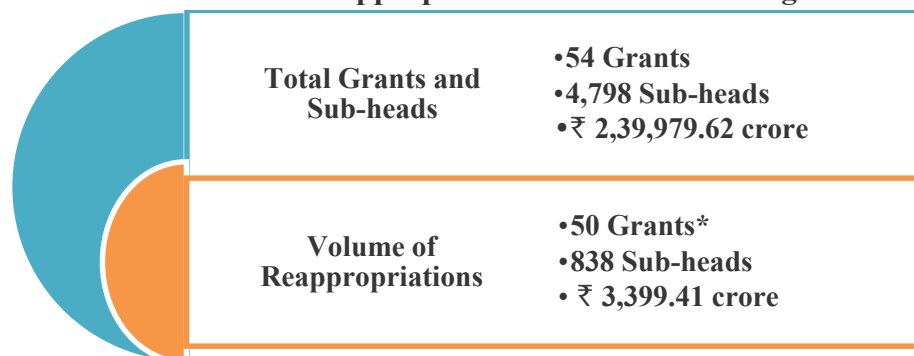
Source: Appropriation Accounts and Voucher Level Computerisation

2.2.4 Re-appropriation

By definition, Re-appropriations are meant for transfer of saving from one scheme/ unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans). There were savings of ₹ 3,305.61 crore in 107 sub-heads⁸⁰ under 33 grants and excesses of ₹ 3,172.25 crore in 24 sub-heads⁸¹ under 13 grants due to re-appropriation (Appendix 2.5).

Audit analysis of Re-appropriation is depicted in Chart 2.4.

Chart 2.4: Re-appropriation in the overall budget



Source: Voucher Level Computerisation; * Except Grant No 2 – Governor’s Secretariat, Grant No 23- Forests, Grant No 41 – Parliamentary Affairs and Grant No 58- Paschimanchal Unnayan Affairs

⁸⁰ Savings of ₹ 5 crore and above

⁸¹ Excess of ₹ 5 crore and above

All the bills are submitted, processed and payments made through electronic systems and re-appropriations are generated electronically through Integrated Financial Management System (IFMS). In March 2019, Finance Department issued Re-appropriation orders to withdraw the budget provision of ₹ 839.51 crore (24.70 per cent of total re-appropriation). This included last working day's re-appropriation of ₹ 82.35 crore. Despite this there were 47 cases of savings (₹ 323.04 crore) even after re-appropriation on the last working day.

This indicates that the expenditure control mechanism was not adequate and that re-appropriation was not done on the basis of real-time data.

2.2.4.1 Irregular re-appropriation of funds

Rule 380 (vi) (a) of West Bengal Financial Rule (WBFR) proscribes transfer of funds from Revenue head to Capital Head or vice versa within the Grant.

It was, however, noticed that in two grants, re-appropriation involving ₹ 10.92 crore were made from revenue head to capital head (as detailed in Table 2.5) departing from the rules stipulated in the WBFR:

Table 2.5: Irregular re-appropriation of funds during 2018-19

| Sl No. | Demand Number | Transferred from Head of Accounts | Transferred to Head of Accounts | Amount (₹ in crore) | Purpose |
|--------|---------------|-----------------------------------|---------------------------------|---------------------|--|
| 1. | 11 | 2851-00-103-014-35-00-V | 4851-00-103-015-53-00-V | 5.34 | For construction of individual work-sheds for handloom weavers in various districts |
| 2. | 68 | 2055-00-109-001-22-00-V | 4055-00-207-017-51-00-V | 5.58 | Procurement of SLR Rifle for use of SIRB, transportation cost for collection of different weaponry items and payment of enhanced price of Mortar |

Source: Departmental figures

Recommendation 6: Leveraging advancements in Information Technology, the State Government may issue re-appropriations on the basis of real-time data on committed expenses and actual receipts.

2.2.5 Deficiencies in Surrenders

As per Paragraph 8 in Chapter V of the WBBM, unspent balances lapse and are not available for utilisation in the following year. Unspent balances were required to be surrendered to the Finance Department before 21 February of each year. Following instances indicate deficiencies in surrenders.

2.2.5.1 Short surrender of savings

In 56 cases under 40 grants, an amount of ₹ 9,461.81 crore out of total savings of ₹ 14,487.48 crore was not surrendered (Appendix 2.6).

2.2.5.2 Surrender on the last working day of the year

An amount of ₹ 318.60 crore was surrendered by 12 departments on the last working day of March 2019 (Appendix 2.7). An analysis shows that:

- In Land & Land Reforms and Refugee Relief & Rehabilitation Department, an amount of ₹ 46.61 crore was surrendered on the last working day of March 2019. This was 44.99 *per cent* of the total surrender of ₹ 103.61 crore made by the department, which, constituted 39.81 *per cent* of the total savings (₹ 260.23 crore) under the Grant.

In Urban Development & Municipal Affairs Department, an amount of ₹ 50 crore was surrendered on the last working day of March 2019. This formed 13.46 *per cent* of the total surrender of ₹ 371.39 crore made by the department which, constituted 38.69 *per cent* of the total savings (₹ 959.86 crore) under the Grant.

2.2.5.3 Surrender of total provisions

In 138 cases under 21 grants, there was 100 *per cent* surrender of provisions amounting to ₹ 1,808.59 crore, details of which is shown in *Appendix 2.8*.

2.2.5.4 Surrender in excess of actual savings

In six cases under five grants, surrendered amount exceeded savings by ₹ 358.84 crore, details of which is shown in *Appendix 2.9*.

2.2.5.5 Amount surrendered despite Excess Expenditure

In 15 cases under 13 grants, there was surrender of ₹ 1,698.15 crore despite excess expenditure of ₹ 4,574.67 crore, details of which is shown in *Appendix 2.10*.

Recommendation 7: The Government should ensure that excessive, unnecessary supplementary provisions and injudicious surrenders are avoided.

2.2.5.6 Un-surrendered savings

In 56 cases under 18 grants and 24 appropriations, savings of ₹ 2,870.94 crore remained completely un-surrendered. As can be seen from the *Appendix 2.11*, the major departments which did not surrender any part of savings were Women & Child Development and Social Welfare (₹ 405.07 crore) and Finance (₹ 1,224.09 crore).

Recommendation 8: All anticipated savings should be surrendered on time so that funds can be utilised for other development purposes.

The above-mentioned shortcomings in surrendering/ non-surrendering of funds indicated that the departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements.

2.2.6 Savings in budget for development expenditure/ creation of assets

Development expenditure *vis-à-vis* net budget allocation (excluding salary/ establishment expenses⁸²) on Social and Economic services during 2018-19 are indicated in **Table 2.6**.

⁸² For the purpose of excluding salary/establishment expenses, the amounts booked under the object heads '01-Salary', '02-Wages', '04-Pension/Gratuities', '07-Medical Reimbursements', '11-Travel Expenses', '12-Medical Reimbursements under WBHS 2008', '13-Office Expenses', '14-Rent, Rates and Taxes', '15-Royalties', '16-Publications', '20-Other Administrative Expenses', '28-Payment of Professional and Special Services', '36-Salary Grants' and '32-Contribution' have been deducted

Table 2.6: Position of Development Expenditure

(₹ in crore)

| Components of Development Expenditure | | Net Grant | Actuals | Savings (Percentage of savings) |
|---------------------------------------|------------------------|------------------|------------------|---------------------------------|
| Development Revenue Expenditure | Social Services (SS) | 9,841.95 | 8,270.03 | 1,571.92 (15.97) |
| | Economic Services (ES) | 19,118.67 | 14,761.78 | 4,356.89 (22.79) |
| | Total | 28,960.62 | 23,031.81 | 5,928.81 (20.47) |
| Development Capital Expenditure | Social Services(SS) | 6,505.07 | 5,242.29 | 1,262.78 (19.41) |
| | Economic Services (ES) | 4,586.54 | 2,995.89 | 1,590.65 (34.68) |
| | Total | 11,091.61 | 8,238.18 | 2,853.43 (25.73) |
| Total Development Expenditure | | 40,052.23 | 31,269.99 | 8,782.24 (21.93) |

Source: Finance Accounts of Government of West Bengal (2018-19) & VLC data

The table showed that there was savings of ₹ 8,782.24 crore (21.93 per cent) in respect of Development Expenditure of which the share of Revenue and Capital Expenditure was ₹ 5,928.81 crore and ₹ 2,853.43 crore, respectively.

Further, it was noticed that savings ranged between 25 and 100 per cent in 1,777 schemes⁸³. The category-wise position is indicated in Table 2.7 below.

Table 2.7: Category-wise savings in different schemes

| Range of savings | Revenue Expenditure (SS) | Revenue Expenditure (ES) | Capital Expenditure (SS) | Capital Expenditure (ES) |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Number of Schemes | | | |
| From 25 to 49% | 241 | 271 | 35 | 48 |
| From 50 to 74% | 93 | 96 | 19 | 30 |
| From 75 to 99% | 81 | 85 | 17 | 18 |
| 100% | 373 | 242 | 29 | 99 |
| Total | 788 | 694 | 100 | 195 |

Source: VLC data

From Table 2.7, it was observed that in 1,182 cases, savings were 50 per cent or above and in 743 cases, allotted budget was not used at all. Thus, the financial targets envisaged in Budget could not be achieved.

2.2.7 Rush of expenditure at the end of the financial year

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

During the year 2018-19, ₹ 24,315.14 crore comprising 13.50 per cent of total Revenue and Capital Expenditure (₹ 1,80,091.23 crore) was expended in March 2019, of which ₹ 4,824.89 crore (19.84 per cent of total expenditure during March 2019) was expended on 31 March 2019. Revenue Receipts for the month of March 2019 was ₹ 9,506.01 crore (6.51 per cent of total Revenue

⁸³ Sub-heads represent schemes

Receipts) of which ₹ 1,655.30 crore (17.41 per cent of total revenue receipts during March 2019) was received on the last working day of March 2019.

High percentage of expenditure in March and especially on the last working day of the financial year indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained.

Recommendation 9: The Government should establish a framework to ensure that budget provisions do not remain unutilised and the practice of rush of expenditure during fag end of the financial year is prevented.

2.3 Review of Selected Grants

A detailed scrutiny of two grants, viz., (i) Grant No. 7: Backward Classes Welfare Department and (ii) Grant No. 73: Disaster Management and Civil Defence Department, was conducted in audit. At an aggregate level, there were excess expenditure under Grant No. 7 and savings under Grant No. 73. The supplementary provision made for Backward Classes Welfare Department proved insufficient (Table 2.8).

Table 2.8: Budget Provisions, Expenditure and Savings under selected Grants

| Section | Original | Supplementary | Total | Expenditure | Savings (-)/ Excess expenditure (+) | Withdrawal/ Surrender |
|---|-----------------|---------------|-----------------|-----------------|--|--------------------------|
| | (₹ in crore) | | | | | |
| Grant No. 7: Backward Classes Welfare Department | | | | | | |
| Revenue | 866.62 | 513.36 | 1,379.98 | 1,737.37 | (+)357.39 | 47.14 |
| Capital | 40.50 | 32.61 | 73.11 | 23.91 | (-)49.20 | 24.04 |
| TOTAL | 907.12 | 545.97 | 1,453.09 | 1,761.28 | (+)308.19 | 71.18 |
| Grant No. 73: Disaster Management and Civil Defence Department | | | | | | |
| Revenue | 1,608.96 | 212.39 | 1,821.35 | 1,792.16 | (-)29.19 | 4.62 |
| Capital | 160.84 | 12.20 | 173.04 | 191.78 | (+)18.74 | 31.22 |
| TOTAL | 1,769.80 | 224.59 | 1,994.39 | 1,983.94 | (-)10.45 | 35.84 |

Source: Appropriation Accounts

Test-check of schemes/ programmes under the above grants revealed the following:

(i) **Backward Classes Welfare Department**

Revenue Section of the grant registered an excess of 25.90 per cent during 2018-19 mainly due to excess expenditure over the budget provision of ₹ 169.23 crore and ₹ 82.95 crore each for Scheduled Castes/ Scheduled Tribes and Other Backward Classes students under procurement and distribution of Bi-cycles.

Capital Section of the grant registered savings of 67.30 per cent during 2018-19 mainly due to savings of (i) ₹ 25.00 crore (100 per cent) under Construction of

Hostels under Babu Jagjiban Ram Chhatravas Yojna and (ii) ₹ 3.24 crore (86.86 per cent) under State Development scheme for Tribal Areas Sub-plan.

(ii) **Disaster Management and Civil Defence Department:**

Revenue Section of the grant registered a savings of 1.60 per cent. In case of Capital Section of the grant, excess expenditure (10.83 per cent), was registered during 2018-19 mainly due to excess expenditure of ₹ 17.01 crore (77.14 per cent) under construction of Multi-Purpose cyclone shelter (State share) counterbalanced by savings of ₹ 9.12 crore in regard to construction of boundary wall, administrative buildings, etc.

Reasons for non-utilisation of entire budget fund and excess expenditure over budgetary provision had not been intimated to audit as of July 2019.

2.4 Non-compliance to applicable rules

2.4.1 Opening of new Sub-Heads without concurrence of Principal Accountant General (Accounts and Entitlements)

Article 150 of the Constitution mandates the prescription of the form of accounts by the President on the advice of the Comptroller and Auditor General of India (CAG). Accordingly, the State Government has to take prior concurrence of the Principal Accountant General, Accounts and Entitlements (PAG (A&E)), West Bengal before opening any new sub-head.

The Government, however, opened 58 new Sub-Heads in 2018-19 without prior concurrence of the PAG (A&E). An expenditure of ₹ 3,044.15 crore was incurred against the total provision of ₹ 2,002.21 crore under 17 Grants, disregarding the statutory provision. During 2017-18, an amount of ₹ 1,886.96 crore was expended in 7 new sub-heads under four grants, mention of which was made during last year's State Finances Audit Report (2017-18). However, reply is awaited (May 2020).

2.4.2 "New Service"/ "New Instrument of Service"

In 73 cases under 25 grants, expenditure aggregating ₹ 2,896.39 crore, which should have been treated as "New Service"/ "New Instrument of Service", was met without obtaining the requisite approval of the Legislature (*Appendix 2.12*).

2.5 Advances remained un-recouped from the Contingency Fund

The Contingency Fund of the State was established under the provisions of West Bengal Contingency Fund Act, 1950, in terms of provision of article 267 (2) of the Constitution of India. State Government maintains Contingency Fund with a corpus amount of ₹ 20 crore. As per Rule 382 of West Bengal Financial Rules, advances from the Fund shall be made only to meet unforeseen and emergent expenditure, pending its authorisation by the Legislature following which, it is recouped.

During 2018-19, an amount of ₹ 10.98 crore were drawn from Contingency Fund. Out of this, ₹ 10.25 crore were recouped leaving a balance of ₹ 0.73 crore remained un-recouped in four major heads. Apart from this ₹ 0.31 crore were drawn from the Contingency Fund during 2017-18 in two major heads but un-recouped till the end of 2018-19. Thus, as on 31 March 2019, advances drawn from Contingency Fund amounting to ₹ 1.04 crore in six major head of accounts, remained un-recouped.

Recommendation 10: *The State Government should ensure timely recoupment of advances taken from the Contingency Fund.*