

CHAPTER - 1

An Overview of the Panchayat Raj Institutions

1.1 Panchayat Raj Institutions (PRIs): constitutional background

The 73rd Constitutional Amendment envisages a three-tier system of Panchayats: (a) Gram Panchayat at the village level; (b) Zilla Parishad at the district level and (c) Panchayat Samiti between the village and the district levels (mostly at the block level).

The 11th Schedule of the Constitution delineates 29 functions to be devolved on the Panchayats. It, however, does not automatically confer any power on PRIs or entrust them with the responsibility. The State legislature has been empowered by the 73rd Amendment to decide and to confer powers and responsibilities on PRIs.

The Constitution also provides that the State Government shall appoint a Finance Commission every fifth year to review the financial position of the Panchayats and recommend as to (i) the distribution between the State and the Panchayats, of the net proceeds of taxes, duties, tolls and fees leviable by the State, which may be apportioned between them and how allocation would be made among various tiers of Panchayats (ii) what taxes, duties, tolls and fees may be assigned to the Panchayats and (iii) grants-in-aid to Panchayats. The report of the Commission together with a memorandum of action taken on the report is to be laid before the State legislature.

1.2 PRIs in West Bengal

A three-tier Panchayat system was envisaged in the West Bengal Panchayat Act, 1973, which came into force in June 1978 when the first general election for the Zilla Parishads, Panchayat Samitis and Gram Panchayats was held. Since then the general election for the panchayats has continued to be held every five years and the last election (i.e. the sixth in the series) was held in May 2003.

1.3 Area and population covered

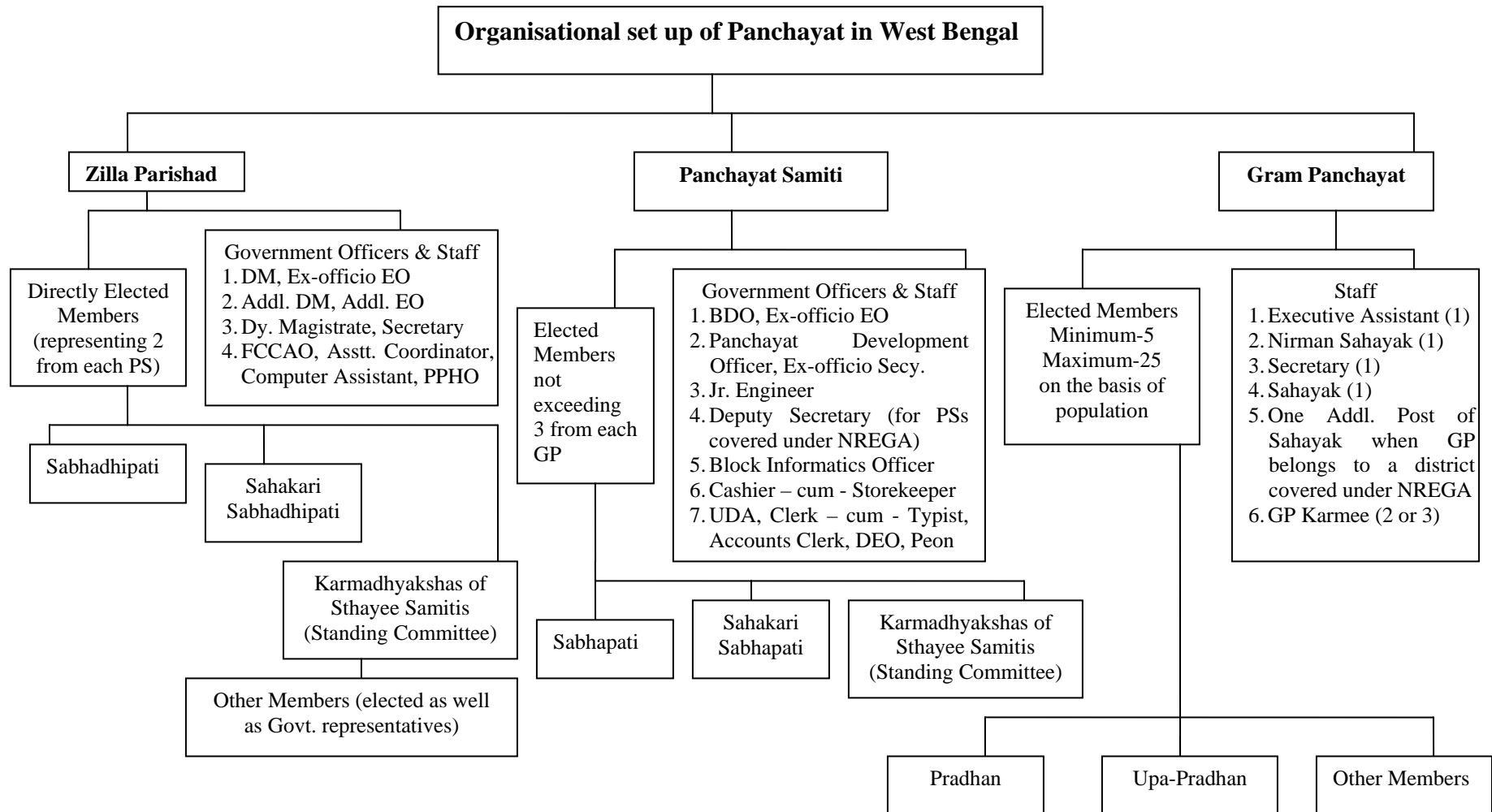
The Act extends to the whole of West Bengal in areas other than Municipalities / Municipal Corporations / Cantonment areas. Thus, 70 per cent of the total area (88,751

sq. km.) of the State inhabited by 5.77 crore of rural population, which is 72 *per cent* of the total population (8.02 crore as per 2001 census), came under the purview of the Act.

1.4 Organisational structure of the PRIs

There are 17 Zilla Parishads (ZPs), one Mahakuma Parishad (with all the powers and authority of the Zilla Parishad) for Siliguri Sub-Division, 341 Panchayat Samitis (PSs) and 3354 Gram Panchayats (GPs) in the State. Panchayat and Rural Development Department (P&RDD) headed by a Principal Secretary exercises administrative control over the Panchayat Raj Institutions.

The organogram given below depicts the organisational set up of the Panchayat Raj System in West Bengal.



The Act envisages the functioning of the ZPs and PSs through ten functional Standing Committees called Sthayee Samitis* having elected representatives and concerned officials as members. Each of the Sthayee Samitis of the ZPs / PSs is headed by a Karmadhyaksha (also an elected representative). No such Sthayee Samitis has, however, been provided for the GPs which shall function through one or more group of members (popularly called as Upa-Samitis) with a convener for each, nominated from the concerned group, as envisaged in the Act.

1.5 Powers, functions and duties vested with the PRIs

The Act vests a PRI with the following powers and duties : (i) to prepare development plan / annual action plan (ii) to implement schemes for economic development and social justice as may be drawn up by or entrusted upon it (in pursuance of 11th Schedule of the Constitution) (iii) to manage or maintain any work of public utility and (iv) to collect revenue for utilisation of such funds for development work.

1.6 Lodging and flow of funds

The funds for ZPs and PSs are lodged in the Treasury in Deposit Account (head “8448-Local Fund Deposit Account, 109-Panchayat Bodies”), that are operated as non-interest bearing banking accounts. Centrally sponsored scheme funds are kept in banks in Savings Account according to guidelines for the respective schemes. The funds for GPs are to be kept in Savings Bank Account at the nearest Post Office or a Scheduled Bank or a Co-operative Bank.

* (1) Artha, Sanstha, Ummayan O Parikalpana (Finance, Establishment, Development and Planning).

(2) Jana Swasthya O Paribesh (Public Health and Environment).

(3) Purtakarya O Paribahan (Public Works and Transport).

(4) Krishi, Sech O Samabaya (Agriculture, Irrigation and Co-operative).

(5) Siksha, Sanskriti, Tathya O Krira (Education, Culture, Information and Sports).

(6) Sishu O Nari Unnayan, Janakalayan O Tran (Children and Women’s Development, Social Welfare and Relief).

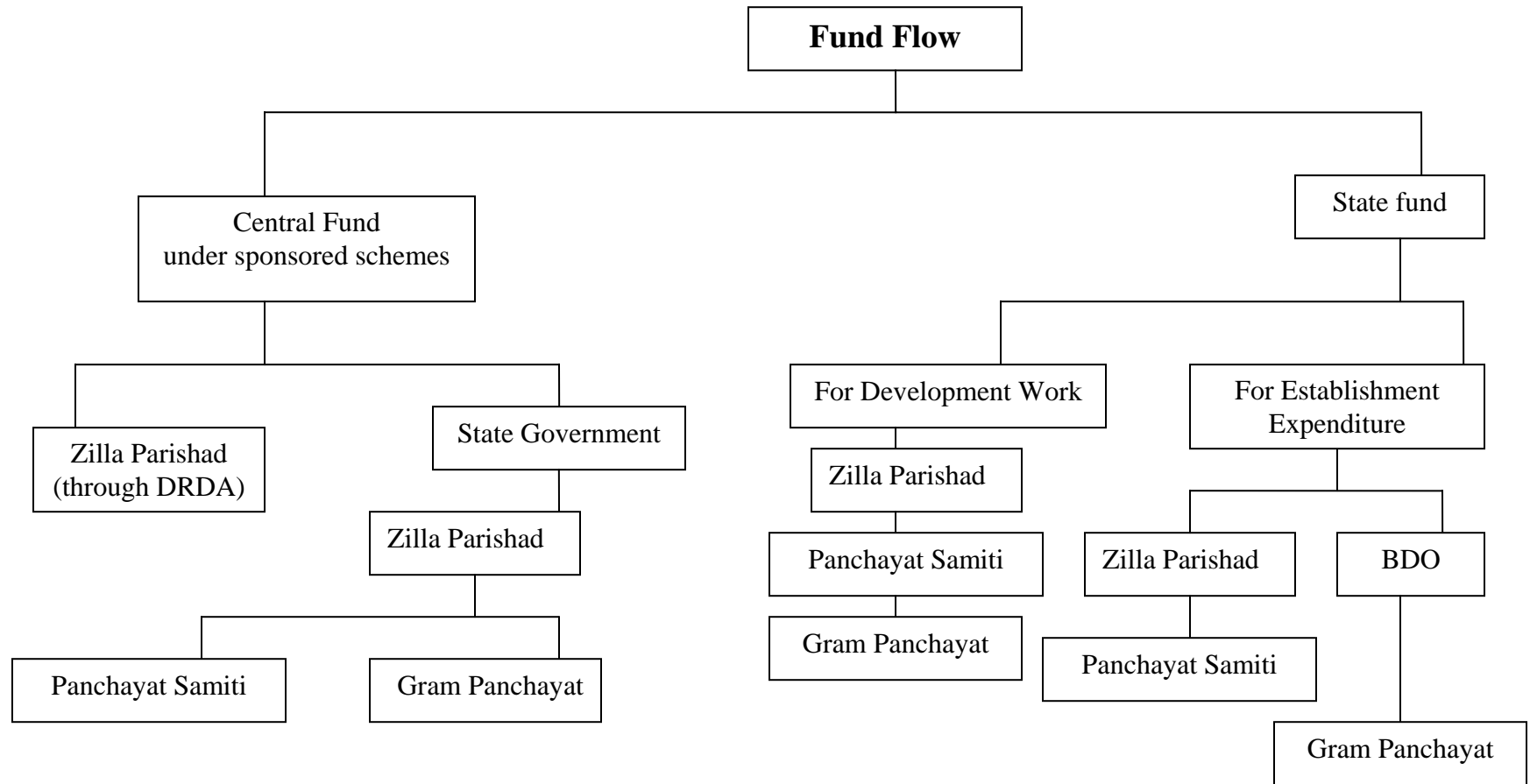
(7) Ban O Bhumi Sanskar (Forest and Land Reforms).

(8) Matsya O Prani Sampad Bikash (Fishery and Animal Resource Development).

(9) Khadya O Sarbaraha (Food and Supplies).

(10) Kshudra Shilpa, Bidyut O Achiracharit Shakti (Small Industries, Power and Non-conventional Energy Sources).

A fund flow statement as per General Procedure is given below:



1.7 Status of creation of database on finances and maintenance of accounts

The format prescribed by the C&AG of India for maintenance of database by PRIs is yet to be adopted by the Government of West Bengal.

The State Government had intimated (December 2007) that no specific percentage was earmarked for creation of database or maintenance of accounts out of Eleventh Finance Commission (EFC) grants and the amount of expenditures incurred during 2004 – 05 and 2005 – 06 for those items out of EFC grants, were not available. Furthermore, P&RDD stated (December 2007) that during 2005 – 06, expenditure reports of districts in respect of Twelfth Finance Commission (TFC) grants were not specific to show the expenditure on this account.

The State Government, however, had developed and introduced two software packages namely, Integrated Fund Management and Accounting System (IFMAS) and Gram Panchayat Management System (GPMS) for maintenance of accounts and database for ZP / PS and GP respectively. The status of application of the software packages is as follows (December 2007):

Item	ZPs / MP	PSs	GPs
Training	8	170	800
Installation	8	136	619
Working	8	80	352

The P&RDD stated (April 2008) that the reason for variation between the 'Installation' and 'Working' stage was due to the varying level of capacity and initiative, taken by different PRIs and the attitude of the end users.

1.8 Sources of Revenue

1.8.1 Government Grants and 'Own Source Revenue' (OSR)

Sources of revenues of PRIs mainly consist of grants from Central and State Governments for implementation of various Central and State schemes. Besides meeting the cost of salary and allowances, the State Government transfers share of some taxes collected by it according to recommendations of the State Finance Commission. The 'own source revenue' (OSR) constitutes a very small percentage of the total revenue from all sources of the PRIs.

The revenue received by the PRIs during the last three years according to their sources is as follows :

(Rupees in crore)

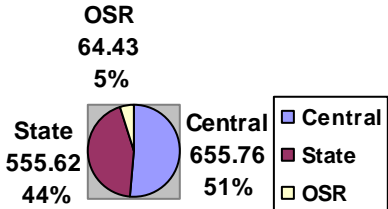
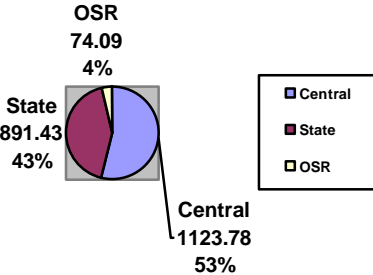
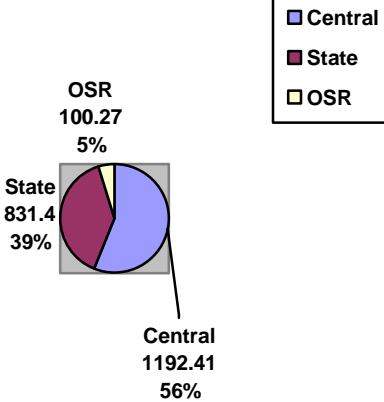
Year	Salary Grants by the State	Grants by the State including 2 nd State Finance Commission Grant	State Share of Centrally Sponsored Schemes	Additional Central Assistance & Central Finance Commission Grants	Total Fund (State Budget)	Amount made available to (from the Total Fund - State Budget)			Central Share of Centrally Sponsored Schemes (direct to PRIs)	Grand Total of grants received from Central and State Govts.	Own Source Revenue (OSR)				Total revenue from all sources (Govt. grants + Own Source Revenue)	Percentage of Govt. grants to total revenue In per cent	Percentage of OSR to total revenue In per cent
						ZPs	PSs	GPs			ZPs	PSs	GPs	Total			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6 (Col. 2 + Col. 3 + Col. 4 + Col. 5) or (Col. 7 + Col. 8 + Col. 9)	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11 (Col. 6 + Col. 10)	Col. 12	Col. 13	Col. 14	Col. 15 (Col. 12 + Col. 13 + Col. 14)	Col. 16 (Col. 11 + Col. 15)	Col. 17 { (Col. 11 X 100) / Col. 16 }	Col. 18 { (Col. 15 X 100) / Col. 16 }
2004-05	193.39	200.61	161.62	124.97	680.59	240.61	79.01	360.97	530.79	1,211.38	13.78	12.68	37.97	64.43	1,275.81	95	5
2005-06	192.43	425.23	273.77	174.79	1,066.22	345.09	154.82	566.31	948.99	2,015.21	13.03	15.44	45.62	74.09	2,089.30	96	4
2006-07	210.79	317.71	302.90	402.55	1,233.95	290.02	156.33	787.60	789.86	2,023.81	28.01	17.61	54.65	100.27 *	2,124.08	95	5

* This data excludes the total collection of OSR of about 100 GPs and 10 % of PSs (as per information available in the 'Annual Administrative Report, 2006 – 07' of Panchayat and Rural Development Department, Government of West Bengal).

It would be seen that during the period from 2004 – 05 to 2006 – 07 the PRIs continued to be overwhelmingly dependent on grants from the Central and State Governments which increased by 82 per cent and 50 per cent during the same period as illustrated below :

Sources of Revenue: Percentage Component

(Rupees in crore)

2004-05	2005-06	2006-07
 <p>OSR 64.43 5%</p> <p>State 555.62 44%</p> <p>Central 655.76 51%</p>	 <p>OSR 74.09 4%</p> <p>State 891.43 43%</p> <p>Central 1123.78 53%</p>	 <p>OSR 100.27 5%</p> <p>State 831.4 39%</p> <p>Central 1192.41 56%</p>
Explanation		
<p>Central = (Col. 5 + Col. 10) of the above table = Rs. (124.97 + 530.79) crore = Rs. 655.76 crore</p> <p>State = (Col. 2 + Col. 3 + Col. 4) of the above table = Rs.(193.39 + 200.61 + 161.62) crore = Rs. 555.62 crore</p> <p>OSR = Col. 15 of the above table = Rs. 64.43 crore</p>	<p>Central = (Col. 5 + Col. 10) of the above table = Rs. (174.79 + 948.99) crore = Rs. 1123.78 crore</p> <p>State = (Col. 2 + Col. 3 + Col. 4) of the above table =Rs.(192.43 + 425.23 + 273.77) crore = Rs. 891.43 crore</p> <p>OSR = Col. 15 of the above table = Rs. 74.09 crore</p>	<p>Central = (Col. 5 + Col. 10) of the above table = Rs. (402.55 + 789.86) crore = Rs. 1192.41 crore</p> <p>State = (Col. 2 + Col. 3 + Col. 4) of the above table = Rs.(210.79 + 317.71 + 302.90) crore = Rs. 831.40 crore</p> <p>OSR = Col. 15 of the above table = Rs. 100.27 crore</p>

A system of electronic transfer of fund directly from the P&RDD to all the PRIs through the network of State Bank of India (SBI) has been adopted for timely

utilisation of fund for poverty alleviation programmes (like IAY, SGRY, NOAPS, NFBS, TSC, etc.). During the year 2006 – 07, an amount of Rs. 800.72 crore was electronically transferred through the Fund Transfer (FT) Account.

1.8.2 Funds received from Line Departments

The P&RDD could not furnish (February 2008) any information on the funds received by the PRIs during 2004 – 05 to 2006 – 07 from various line departments of the State Government for implementation of programmes for socio-economic development within their functional areas.

1.9 Overall financial position of PRIs

The P&RDD could not furnish (February 2008) any information on the opening balance, total receipts, total expenditure and closing balance regarding flow of fund and its utilisation by the Gram Panchayats and Panchayat Samitis during 2004 – 05 to 2006 – 07. However, the following variation of Rs. 1.79 crore has been noticed from the consolidated information in respect of Zilla Parishads:

(Rupees in crore)

Nature of PRI	Year	Opening Balance as of 01 April	Receipt	Total	Payment	Closing Balance as of 31 March
Zilla Parishad	2005 – 06 *	479.25	1,370.25	1,849.50	1,255.48	594.02
	2006 – 07 **	595.81	1,072.32	1,668.13	1,171.55	496.58
Amount of Variation = (Opening Balance as of 01 April 2006 – Closing Balance as of 31 March 2006) = (Rs. 595.81 crore – Rs. 594.02 crore) = Rs. 1.79 crore.						

* As per information available in the ‘Annual Administrative Report, 2005 – 06’ of Panchayat and Rural Development Department, Government of West Bengal.

** As per information available in the ‘Annual Administrative Report, 2006 – 07’ of Panchayat and Rural Development Department, Government of West Bengal.

1.10 Sectoral analysis

The P&RDD could not furnish (February 2008) any information regarding the mechanism to capture receipts and expenditure under important sectors like education, health, nutrition, social forestry, etc. that may be amenable to sectoral analysis of such

transactions. Furthermore, the department replied (April 2008) that the module relating to sectoral analysis was not made operational.

1.11 District Planning Committee

As envisaged in Article 243 ZD of the Constitution, West Bengal District Planning Committee Act and Rules, 1994, provided for setting up a District Planning Committee (DPC) for each district. The DPC, headed by Sabhadhipati of Zilla Parishad, is to consolidate the plans prepared by the Panchayats and Municipalities in the district and prepare a Draft Development Plan (DDP) for the district as a whole with special attention to the matters of common interest of the local bodies.

A test check of records in nine districts* in January and February 2008 revealed the followings:

- (1) There were delays in formations of DPC in six Districts[^] ranging from two years to 13 years from the date of passing of the Acts and framing of the rules. DPC of Uttar Dinajpur was formed in October 2004 but conducted the first meeting in August 2006.
- (2) Paschim Medinipur District did not furnish any information on preparation and acceptance of DDPs for 2003-2007. DDPs in Bardhaman District for 2003-2005 and 2006-07 were not prepared. Nadia had no DDP for 2003-2007 while for Purulia there was no DDP for 2005-2007. North 24 Parganas prepared a perspective plan for 2007-2012 without any DDP for the district for earlier years. Uttar Dinajpur did not prepare any DDP for 2002-03 to 2006-07 while for Malda no report was available with the District. Due to deficiencies in the preparation of DDPs it could not be ascertained in audit whether matters of common interest of the local bodies were given special attention.
- (3) No information was available from six DPCs about amount sanctioned and funds released by the Government against the development plan.
- (4) Actual date of approval of DDPs by the State Government was not furnished to Audit.

* Bardhaman, Nadia, North 24 Parganas, Paschim Medinipur, Purulia, Murshidabad, Darjeeling, Malda and Uttar Dinajpur.

[^] Bardhaman (February 1996), North 24 Parganas (November 1996), Paschim Medinipur (2003), Purulia (December 2005), Murshidabad (2007) and Uttar Dinajpur (2004).

- (5) *Per cent* of the target planned under various schemes (both financial and physical) and achievement there against in five districts[◇] was not furnished to Audit. Murshidabad and Purulia districts achieved the financial target of 62 and 60 percentage respectively.
- (6) In none of the five districts[⊕], a sound monitoring mechanism for implementation of Annual Plan is found to be in existence.
- (7) No information regarding DPC in respect of Darjeeling District was available.

Thus, the functioning of the DPCs in eight districts[⊗] was not found to be satisfactory.

1.12 State Finance Commission Grants

The recommendations of the Second State Finance Commission (SFC) of West Bengal, constituted in July 2000, covered the period from 2001-02 to 2005-06. The following recommendations of the State Finance Commission that could have improved the financial position of the PRIs were not accepted by the State Government :

- Provision of an entitlement fund for rural as well as urban local bodies constituting 16 *per cent* of State taxes. The Government decided to allocate ‘the maximum amount possible’ out of its resources instead of linking up the quantum of the entitlement fund with the State’s own tax revenue.
- A minimum amount of Rs. 700 crores should be provided in the budget for devolution to PRIs and ULBs as untied entitlement.

PRIs did not receive any SFC fund for the period from 2002-03 to 2004-05. From the year 2005-06, there was annual budget allocation of Rs. 275.43 crore for 18 districts. The allocation for 2005-06 was released to the PRIs. However, due to slow progress of expenditure only Rs. 137.72 crore (50 *per cent* of budget allocation) could be released to PRIs during the year 2006-07. PRIs could spend Rs. 226.28 crore (55 *per cent*) during

[◇] Bardhaman, Nadia, North 24 Parganas, Paschim Medinipur and Malda.

[⊕] Bardhaman, Nadia, North 24 Parganas, Paschim Medinipur and Malda.

[⊗] Bardhaman, Nadia, North 24 Parganas, Paschim Medinipur, Purulia, Murshidabad, Malda and Uttar Dinajpur.

2006-07, out of available fund of Rs. 413.15 crore ^ψ leaving a huge amount of Rs. 186.87 crore ^ψ as unspent as of March 2007.

The Third State Finance Commission (SFC) was constituted in February 2006 and is yet to submit its report (December 2007) against the schedule of February 2007.

1.13 Eleventh Finance Commission Grants

PRIs received Eleventh Finance Commission (EFC) (2000-05) grant of Rs. 384.88 crore (67 per cent) out of recommended grant of Rs. 577.75 crore and spent Rs. 272.85 crore (71 per cent) leaving Rs. 112.03 crore as unutilised as of March 2005.

The utilisation of unspent balance of Rs. 112.03 crore after expiry of EFC period was not clarified to audit.

1.14 Twelfth Finance Commission Grants

The Twelfth Finance Commission (TFC) recommended Rs. 1,271 crore for the period from 2005 – 2010 for maintenance of assets of the PRIs and delivery of civic services with emphasis on mobilization of revenue by the PRIs as a step towards their self sufficiency. Twenty per cent of the entire grant was earmarked as Incentive Grants for revenue mobilisation by the PRIs and eighty per cent are to be distributed as per entitlement of the PRIs, determined in the manner prescribed by the Second State Finance Commission. The Finance Commission further recommended that user charges be made obligatory levies and, in case of delayed transfer to PRIs / ULBs beyond the specified period of 15 days, the State Government shall transfer to PRI / ULB an amount of interest at the rate equal to RBI Bank rate alongwith such delayed transfer of grants.

^ψ

(Rs. in crore)

Year	Opening Balance	Release	Total	Expenditure	Unspent Balance
2002 – 03	--	--	--	--	--
2003 – 04	--	--	--	--	--
2004 – 05	--	--	--	--	--
2005 – 06	--	275.43	275.43	--	275.43
2006 – 07	275.43	137.72	413.15	226.28	186.87

The receipt and utilisation of TFC grants for 2005 – 2007 are shown below:

(Rupees in crore)

Year	Approved allocation	Receipt from Govt. of India	Released to PRIs	Expenditure on maintenance of accounts and percentage	Expenditure on creation / management of data base and percentage	Expenditure on drinking water & sanitation and percentage	Expenditure on other sectors and percentage	Total expenditure
2005-06	254.20	127.10 (first instalment of 2005-06)	127.10					
2006-07	254.20	127.10 (second instalment of 2005-06) & 127.10 (first instalment of 2006-07) *	254.20 & 0.88 (interest paid out of State Account)	6.99 (4 %)	8.33 (5%)	21.07 (11 %)	148.72 (80%)	185.11
Total	508.40	381.30	382.18	6.99 (4 %)	8.33 (5%)	21.07 (11 %)	148.72 (80%)	185.11

* Second instalment of Rs. 127.10 crore for the year 2006 – 07 was received in May 2007 in the financial year 2007 – 08.

Scrutiny in audit revealed the following:

- (i) Rs. 0.88 crore was released from the State Account as interest due to delayed release of the first instalment of 2005 – 06.
- (ii) Expenditure, if any, for revenue mobilisation of the PRIs was not recorded in the P&RDD statement of expenditure on TFC.
- (iii) Recovery of fifty *per cent* of the recurring costs in the form of user charges for the maintenance of water supply, sanitation and drainage facilities was not realised.
- (iv) The total expenditure of Rs. 185.11 crore (Rs. 10.23 crore in 2005-06 and Rs. 174.88 crore in 2006-07) amounted to 48 *per cent* of the total release of TFC grants. The utilization of the grant for 2005-06 was stated to be affected because of declaration of election of the State Legislative Assembly.

(v) The recommended percentage of expenditure on three priority sectors and their corresponding utilisation by the PRIs is as follows:

Priority Sectors	Recommended percentage	Percentage utilised	Remarks
Maintenance of accounts	5 %	4 %	Utilised 1 % <i>less</i> than the recommended percentage.
Creation / management of database	10 – 15 %	5 %	Utilised 5 – 10 % <i>less</i> than the recommended percentage.
Drinking water & sanitation	10 %	11 %	Utilised 1 % <i>above</i> the recommended percentage.

PRIs collected revenue (tax and non-tax) of Rs. 100.27 crore in 2006-07 which was abysmally low although TFC provided support for mobilization of their revenue towards attaining self sufficiency. The State Government provided financial support of Rs. 210.79 crore in 2006 – 07 to the PRIs to meet their expenditure on establishment. Thus, the revenue collection by PRIs of Rs. 100.27 crore was insufficient to meet even their requirements for salary payment.

Audit conducted test check of TFC fund accounts of 1,189 PRIs (8 ZPs, 88 PSs and 1,093 GPs) for 2006 – 07 during 2007 – 08. The total expenditure against total available fund and amount diverted thereon are tabled below:

(Rupees in crore)

PRIs (No.)	Available fund	Amount spent	Expenditure incurred on non-prioritised sector (and number of PRIs) *
ZPs (8)	40.49	26.08	1.87 (3 nos.)
PSs (88)	18.55	9.48	1.90 (36 nos.)
GPs (1,093)	63.73	34.95	6.46 (375 nos.)
Total (1,189)	122.77	70.51	10.23 (414 nos.)

*Details have been given in **Appendix-I**.

It is evident from the above that 1,189 PRIs could utilize Rs. 70.51 crore against available fund of Rs. 122.77 crore which was only 57 per cent of the total grant received by them.

1.15 Devolution of Functions, Functionaries and Funds to Panchayat Raj Institutions

To enable the Panchayats to become institutions of self-government, the 73rd Amendment to the Constitution, which came into force in 1993, was introduced. The amendment inserted Part-IX in the Constitution which relates to the Panchayats. Article 243G of Part-IX of the Constitution provides for devolution of powers and responsibilities by the State to the Panchayats in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the 29 subjects¹ listed in the Eleventh Schedule of the Act. In accordance with Article 243G of the Constitution, suitable legislation was carried out by the State Legislature in 1992 and 1994 respectively and Sections 207A and 207B were inserted in the West Bengal Panchayat Act, 1973.

Subsequently, the State Council of Ministers in their meeting (September 2005) assigned responsibilities upon the three tier Panchayat Raj Institutions. Thereafter, the State Government issued an order (November 2005) on “Assignment of Responsibilities on Three Tier Panchayat Raj Institutions and Mapping of Activities of PR Bodies”.

With a view to assessing the status of devolution of funds, functions and functionaries to the PR Bodies, three districts were selected from three divisions in the State of West Bengal, viz, Presidency, Burdwan and Jalpaiguri. Scrutiny of records of 12 PRI units (three districts², three blocks³ and six⁴ gram panchayats) was conducted for the

¹ (i) Agriculture including agricultural extension (ii) Land improvement, implementation of land reforms, land consolidation and soil conservation (iii) Minor irrigation, water management and watershed development (iv) Animal husbandry, dairying and poultry (v) Fisheries (vi) Social forestry and farm forestry (vii) Minor forest produce (viii) Small scale industries, including food processing industries (ix) Khadi, village and cottage industries (x) Rural housing (xi) Drinking water (xii) Fuel and Fodder (xiii) Roads, culverts, bridges, ferries, waterways and other means of communication (xiv) Rural electrification, including distribution of electricity (xv) Non-conventional energy sources (xvi) Poverty alleviation programme (xvii) Education, including primary and secondary schools (xviii) Technical training and vocational education (xix) Adult and non-formal education (xx) Libraries (xxi) Cultural activities (xxii) Markets and fairs (xxiii) Health and sanitation, including hospitals, primary health centres and dispensaries (xxiv) Family welfare (xxv) Women and child development (xxvi) Social welfare, including welfare of the handicapped and mentally retarded (xxvii) Welfare of the weaker sections, and in particular, of the SCs and STs (xxviii) Public distribution system and (xxix) Maintenance of community assets.

² Coochbehar, Hooghly and North 24 Parganas.

³ Toofanganj-II, Singur and Basirhat-I.

⁴ Bhanukumari-I, Bhanukumari-II, Singur-I, Beraberi, Sangrampur-Shibati and Nimdaria-Kodaliya.

period from 2005-06 to 2006-07. The audit findings are discussed in the succeeding paragraphs:

Functions

- Scrutiny in audit revealed that out of 29 subjects of the Eleventh Schedule, six subjects were not incorporated in the Activity Mapping viz. (i) Minor Forest produce (ii) Rural Housing (iii) Roads, Culvert, Bridges, Ferries, Water ways and Other means of Communications (iv) Rural Electrification including Distribution of Electricity (v) Non-conventional Energy Services and (vi) Maintenance of Community Assets.

- The concerned line departments were required to issue appropriate Government orders, backed by Legislation wherever necessary, so as to enable the PRIs to discharge the assigned responsibilities and duties effectively. Although, some progress in this regard has been made by the Animal Resources Development Department; Department of Micro and Small Scale Enterprises and Textiles; Water Investigation and Development Department; Health and Family Welfare Department; Mass Education and Extension Department; Women and Child Development; Social Welfare Department and Forests Department, a large number of other line departments are yet to issue matching orders which are necessary in order to complement the Activity Mapping in a meaningful manner.

- The Activity Mapping delineated the responsibilities of the Sthayee Samities at each tier of the PRIs. Test check of records at the ZP level regarding seven items⁵ mentioned in the Activity Mapping revealed that, out of 77 responsibilities, Hooghly and North 24 Parganas discharged only 25 and 52 responsibilities respectively. The ZPs, thus, discharged only between 32 to 68 *per cent* of the assigned responsibilities. Similarly, at the PS level, test check of records regarding three⁶ items revealed that, out of 53 responsibilities, 28 were discharged by Singur PS of Hooghly district and 37 out of 46 responsibilities were discharged by Basirhat I PS of North 24 Parganas. The concerned PSs, thus discharged only between 53 to 80 *per cent* of the assigned responsibilities. At

⁵ (a) Agriculture and Extension Works (b) Mass Education Extension including Library Services (c) Health and Family welfare (d) Land and Land Reforms (e) Forestry including Social Forestry (f) Public Health and Engineering (g) School Education.

⁶ (a) Agriculture and Extension Works (b) Health and Family Welfare (c) Mass Education including Library Services of Singur PS and (a) Animal Resource Development (b) Health & Family Welfare and (c) Cottage and Small Scale Industries of Basirhat I PS.

the Gram Panchayat level too, records regarding three⁷ items revealed that 22 responsibilities out of 94 were discharged by both the test checked GPs of Hooghly and 44 responsibilities out of 57 were discharged by the test checked GPs of North 24 Parganas. Thus, the concerned GPs discharged between 23 to 77 *per cent* of the assigned responsibilities.

Thus, a lot of responsibilities as mentioned in the Activity Mapping were not discharged by the PR Bodies and to that extent the objectives of decentralisation as envisaged in the constitutional amendment are yet to be realized.

Functionaries

- The Activity Mapping provides for the officials of the line departments to function as link officer of the Sthayee Samities at each tier of the PRIs. However, scrutiny in audit of six⁸ items revealed that the Range Officer, Extension Officer Mass Education and Sub Assistant Engineer of Public Health Engineering Department were not regular in attending the meetings of the respective Sthayee Samities of Singur PS of Hooghly during 2005-06 and 2006-07. At the Gram Panchayat level too, it was noticed that the officials of certain line departments, such as, Cottage and Small Scale Industries, School Education and Forest Department did not attend the meetings of the concerned Upa-Samities. Similarly, in Basirhat – I Panchayat Samity in North 24 Parganas it was observed that the functionaries of the Information and Cultural Affairs and Agriculture Marketing departments did not attend the meetings of the Sthayee Samity. On account of the failure of the officials of the concerned departments to attend meeting of the Sthayee Samities, the possibility of implementing their activities/schemes without consulting the functionaries of PRIs and thereby neglecting the actual needs of the rural people can not be ruled out.

Funds

Devolution of funds requires, inter alia, (i) inclusion of a PRI component in the budget of the State Government based on the devolution of activities (ii) provisioning of progressively larger untied funds by the State Government from its own source and from

⁷ (a) Agriculture and Extension Works (b) Animal Resource Development (c) Health & Family Welfare.

⁸ Agriculture and Extension Works, Forestry including Social Forestry, School Education, Health and Family Welfare, Mass Education including Library Services and Public Health Engineering Department .

the finance commission grants and (iii) encouraging the PRIs to augment their own resource.

• Scrutiny of records revealed that although provision for PRI component in the State Budget was yet to be made, funds from certain line departments were shown as receipts in the accounts of the test checked PR bodies. The fact will be evident from the statement given below :-

Funds Received

(Rupees in lakh)

Sl. No.	Name of the line departments	Hooghly ZP		Singur PS Dt.-Hooghly		North 24 Parganas ZP		Toofanganj PS Dt.-Coochbehar	
		05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07
1.	Agriculture	1.52	--	--	--	295.60	242.17	--	--
2.	School Education	--	--	90.78	107.33	34.04	10.09	93.48	15.35
3.	Minorities' Development & Welfare	--	--	--	--	23.00	6.65	--	--
4.	Power (Rural Electrification)	--	--	--	--	409.49	--	--	--
5.	Cottage and Small Scale Industries	--	--	--	--	1.67	--	--	--
6.	Health and Family Welfare	--	--	--	--	--	--	0.12	1.00
7.	Animal Resource Development	139.43	--	--	--	2.30	2.30	--	--
8.	Forest	--	--	--	--	95.25	15.25	--	--
9.	Public Works (Roads)	75.81	--	--	--	169.31	1140.83	--	--
10.	Food and Supplies	12.89	--	--	--	--	--	--	--
11.	Fisheries	51.14	--	--	--	--	--	--	--
12.	Irrigation	362.51	1.47	--	--	--	--	--	--
13.	P & AR	3.23	2.64	--	--	--	--	--	--
14.	Public Health Engineering	--	--	4.61	1.25	86.01	1.60	5.57	0.61

15.	Backward Class Welfare	--	--	--	--	--	--	9.55	12.10
16.	Refugee, Relief and Rehabilitation	--	--	--	--	--	--	9.82	--
17.	Women and Child Development and Social Welfare	--	--	--	--	--	--	9.24	5.99
Total		646.53	4.11	95.39	108.58	1116.67	1418.89	127.78	35.05

• It was observed from records that the Panchayat bodies of West Bengal received Rs. 2015.21 crore (Rs. 1639.58 crore Plan + Rs. 375.63 crore Non Plan) and Rs. 2023.81 crore (Rs. 1481.82 crore Plan + Rs. 541.99 crore Non Plan) during 2005-06 and 2006-07 respectively to discharge responsibilities entrusted upon them. Against this overall position of the State, the receipts and expenditures from 2nd SFC and 12th FC Grants in respect of twelve PR bodies of three selected Districts during 2005-06 & 2006-07 revealed under utilization of funds as detailed below:

(Rupees in lakh)

2 nd SFC		Hooghly			North 24 Prgs			Coochbehar		
		ZP	PS	GP	ZP	PS	GP	ZP	PS	GP
2005-06 to 2006-07	Receipts	408.49	29.20	6.95	422.54	34.71	13.46	397.09	36.68	16.45
	Expenditure	238.66	13.52	5.37	384.71	26.40	7.60	396.58	27.30	15.53
	Unutilised	169.83	15.68	1.58	37.83	8.31	5.86	0.51	9.38	0.92

(Rupees in lakh)

12 th FC		Hooghly			North 24 Prgs			Coochbehar		
		ZP	PS	GP	ZP	PS	GP	ZP	PS	GP
2005-06 to 2006-07	Receipts	419.50	25.86	8.37	613.68	13.15	10.81	409.75	54.44	18.05
	Expenditure	217.18	7.39	6.56	353.73	5.77	2.25	305.29	16.28	15.92
	Unutilised	202.32	18.47	1.81	259.95	7.38	8.56	104.46	38.16	3.13

Records further revealed that Hooghly ZP failed to take up 84 out of 152 schemes which were planned to be funded from the 2nd SFC Grant during 2005-07. However, during the same period, the ZP could not utilise Rs. 169.83 lakh out of Rs. 408.49 lakh (41.58 per cent).

- The 2nd SFC recommended augmenting the resources of the local bodies by raising taxes and increasing fees etc. on items listed in the West Bengal Panchayat Act, 1973. But the records revealed that the collection from own resources in the test checked PRI bodies was inadequate to even meet the establishment costs. It was observed that Hooghly ZP earned Rs. 228.75 lakh from its own source during 2005-06 and 2006-07 while the establishment cost itself was Rs. 671.45 for the same period. Similarly, in North 24 Parganas, against the establishment cost of Rs. 572.16 lakh, Rs. 5.90 lakh and Rs. 18.96 lakh at ZP level, PS level and GP level, the receipts from own resources were Rs. 402.55 lakh, Rs. 5.56 lakh and Rs. 3.40 lakh respectively during 2005-06 & 2006-07.

Keeping in view the audit findings discussed above, definitive action in a time bound manner is required to be taken by the State Government for comprehensively transferring functions, functionaries and funds in accordance with the Act and the regulatory framework.

1.16 Audit Arrangement for PRIs

As per provisions of the West Bengal Zilla Parishads Act, 1963 / West Bengal Panchayat Act, 1973, the State Government is to appoint an Auditor for audit of the accounts of ZP, PS and GP.

The Examiner of Local Accounts (ELA), in the office of the Accountant General (Receipt, Works and Local Bodies Audit), West Bengal had been appointed as Auditor to audit Zilla Parishads and Panchayat Samitis (earlier called Anchalik Parishads)[∅].

Audit of the Gram Panchayats was conducted till 2001-02 by the Extension Officer (Panchayat), a State Government official stationed at the respective Block offices. Subsequently, by a notification in March 2003, the Examiner of Local Accounts had been appointed as Auditor of Gram Panchayats also, from 2002-03 onwards.

[∅] Vide Rule 101 (1) of the West Bengal Zilla Parishads (Election, Constitution and Administration) Rules, 1964 framed under the West Bengal Zilla Parishads Act, 1963. The erstwhile general framework of four-tier PRIs as provided for in the 1963 Act was, however, replaced by three-tier PRIs as provided for in the West Bengal Panchayat Act, 1973.

1.17 Audit Coverage

Audit of the accounts of 17 Zilla Parishads (ZPs), 1 Mahakuma Parishad (MP), 161 Panchayat Samitis (PSs) for the year up to 2005-06 and 3,349 Gram Panchayats (GPs) (out of 3,354) for the year 2005-06 were conducted during 2006-07. Audit of the accounts of five GPs[⊕] could not be taken up during 2006 – 07 for want of records. The audit findings are discussed in the succeeding Chapters.

⊕

Sl. No.	Name of GP	Controlling PS / ZP	Reasons for not taking up audit	Reference made from Audit to	Ref. to letter No. & Date
(1)	Gopiballavpur	Gopiballavpur – I / Paschim Medinipur	Due to seizure of records	Principal Secretary to the P & RD Deptt., Govt. of W.B.	LA / GP / 2005 – 06 / 612 / 4062 dated 07.08.2006
(2)	Dr. Graham's Homes	Kalimpong – I / Darjeeling	Due to theft of records	Principal Secretary to the P & RD Deptt., Govt. of W.B.	LA / GP / M.R. No. 2092 / 7172 dated 04.12.2006
(3)	Sahapur	Panchla / Howrah	Due to seizure of records	Principal Secretary to the P & RD Deptt., Govt. of W.B.	LA / GP / M.R. No. 2244 / 8368 dated 13.02.2007
(4)	Mayapur Bamanpukur - II	Nabadwip / Nadia	Due to seizure of records	Principal Secretary to the P & RD Deptt., Govt. of W.B.	LA / GP / M.R. No. 3260 / 8364 dated 13.02.2007
(5)	Hamidpur	Kaliachak – II / Malda	Due to seizure of records	Principal Secretary to the P & RD Deptt., Govt. of W.B.	LA / GP / M.R. No. 1657 / 6776 dated 07.11.2006