

CHAPTER II

CHAPTER II

Allocative priorities and appropriation

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation 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 that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the 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 2003-2004 against 56 grants/appropriations was as follows:

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving(-)/ Excess(+)
(R u p e e s i n c r o r e)						
Voted	I Revenue	17748.14	595.73	18343.87	16493.77	(-) 1850.10
	II Capital	1379.73	164.70	1544.43	809.52	(-) 734.91
	III Loans and Advances	2374.45	895.61	3270.06	3056.28	(-) 213.78
Total Voted		21502.32	1656.04	23158.36	20359.57	(-) 2798.79
Charged	IV Revenue	9623.57	15.81	9639.38	9394.53	(-) 244.85
	V Capital	0.09	1.20	1.29	1.17	(-) 0.12
	VI Public Debt	8077.47	3537.98	11615.45	22122.24	(+) 10506.79
	VII Loans and Advances	-	0.05	0.05	0.05	-
Total Charged		17701.13	3555.04	21256.17	31517.99	(+) 10261.82
Grand Total		39203.45	5211.08	44414.53	51877.56	(+) 7463.03

The overall excess of Rs 7463.03 crore was the net result of excess of Rs 10734.02 crore in 11 grants and nine appropriations, offset by savings of Rs 3270.99 crore in 88 grants and 33 appropriations. The excess occurred mainly due to huge transactions under ways and means advances and overdraft (Rs 9315.52 crore) and repayment of market loans (Rs 308.12 crore). Explanations for savings/excesses were either not received or were received incomplete in 89 per cent of the cases.

¹ These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs 130.82 crore and capital expenditure: Rs 55.54 crore. The expenditure shown in the Government Account for 2003-2004 stood inflated to the extent of Rs 2092.61 crore being the amount credited to Deposit Account.

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by Allocative Priorities

Out of the total savings of Rs 3270.99 crore, major savings of Rs 2033.32 crore (62 *per cent*) occurred in nine grants and one appropriation as mentioned below:

Grant No.	Original	Supplementary	Total Grant	Actual Expenditure	Saving
	(R u p e e s i n c r o r e)				
15-Revenue (Voted)	3967.66	-	3967.66	3718.38	249.28
18-Revenue (Voted)	3131.48	-	3131.48	2918.43	213.05
18-Revenue (Charged)	9536.65	-	9536.65	9193.19	343.46
21-Revenue (Voted)	347.63	-	347.63	216.61	131.02
21-Capital (Voted)	230.28	-	230.28	-	230.28
24-Revenue (Voted)	1344.46	19.38	1363.84	1283.94	79.90
25-Revenue (Voted)	775.37	-	775.37	577.54	197.83
25-Capital (Voted)	482.81	-	482.81	270.82	211.99
27-Revenue (Voted)	1401.51	-	1401.51	1299.13	102.38
39-Revenue (Voted)	870.10	107.61	977.71	885.25	92.46
40-Revenue (Voted)	646.29	201.47	847.76	737.02	110.74
44-Revenue (Voted)	1.45	70.75	72.20	1.27	70.93
Total	22735.96	399.21	23134.90	21101.58	2033.32

The departments did not intimate any reasons for savings. Areas in which major savings occurred in these nine grants are given in **Appendix 15**. Savings on interest on deposits of WBIDFC of Rs 273.89 crore was due to non-payment of interest on deposits of WBIDFC with Government for the year 2002-2003. Interest on deposits of WBIDFC for the year 2001-2002 was released during the year.

In 58 cases, savings exceeding rupees one crore in each case and also by more than 10 *per cent* of total provision amounted to Rs 1659.90 crore as indicated in **Appendix 16**. In four² of these, the entire provision totalling Rs 265.20 crore was not utilised.

There was excess of Rs 10734.02 crore under 11 grants and nine appropriations requiring regularisation by the Legislature. The excess under Grant No.18-Finance alone amounted to Rs 10507.14 crore.

2.3.2 Persistent savings

In 11 cases, involving nine grants/appropriations, there were persistent savings of more than one crore rupees in each case and 20 *per cent* or more of provision. Details are given in **Appendix 17**.

2.3.3 Excess 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. However, the excess expenditure amounting to

² 5, 21, 23, 31 (All Capital Voted)

Rs 34571.90 crore for the years 1999-2000 to 2002-2003³ had not been regularised so far (October 2004). This was a breach of legislative control over appropriations.

Year	Number of grants/appropriations	Grant/ Appropriation number(s)	Amount of excess (Rs in crore)	Reasons for excess
1999-2000	18	16, 21, 25, 28, 30, 32, 34, 35, 42, 44, 46, 52, 66, 73, 80, 82, 87, 98	5216.78	Not received
2000-2001	13	1, 14, 21, 25, 28, 30, 34, 38, 40, 51, 66, 79, 98	8545.52	Not received
2001-2002	7	21, 28, 34, 38, 63, 67, 98	9649.61	Not received
2002-2003	9	1, 6, 28, 42, 63, 74, 79, 96, 98	11159.99	Not received
Total			34571.90	

Further, the excess of Rs 10734.02 crore under 11 grants and nine appropriations during 2003-2004 requires regularisation under Article 205 of the Constitution. Details are given below:

Grant No.	Description of the grant/appropriation	Section	Total grant/appropriation Rupees	Actual expenditure Rupees	Amount in excess Rupees
A	Voted				
7	Backward Classes Welfare	Revenue	1934883000	2063109368	128226368
9	Commerce and Industries	Revenue	753990000	1301347313	547357313
16	Environment	Revenue	48767000	79155523	30388523
29	Industrial Reconstruction	Capital	177355000	316600418	139245418
31	Information and Technology	Revenue	54738000	59303576	4565576
37	Law	Capital	-	16800000	16800000
47	Relief	Capital	-	2680139	2680139
51	Technical Education and Training	Capital	13140000	142000643	128860643
54	Urban Development	Capital	157802000	256884158	99082158
55	Water Investigation and Development	Capital	352981000	360776267	7795267
56	Women and Child Development and Social Welfare	Revenue	3433302000	3469387491	36085491
Total : A – Voted			5926958000	7068044896	1141086896
B	Charged				
5	Agriculture	Capital	9837000	10263015	426015
9	Commerce and Industries	Revenue	18689000	20064904	1375904
18	Finance	Capital	115930469000	221001856908	105071387908
27	Home	Capital	38202000	38211376	9376
28	Housing	Capital	126000	126240	240
36	Land and Land Reforms	Revenue	26612000	905193969	878581969
43	Power and Non-Conventional Energy Sources	Capital	21628000	21777408	149408
45	Public Health Engineering	Revenue	7558000	7558121	121
47	Relief	Revenue	174917000	422084000	247167000
Total : B - Charged			116228038000	222427135941	106199097941
Total : A and B			122154996000	229495180837	107340184837

Reasons for the excesses had not been furnished by the Government as of December 2004.

³ Recommendations of the PAC on excess expenditure for the years 1995-1999 laid in the Assembly in July 2004. Act of regularisation awaited. Consolidated replies from Government for the years 1999-2000 to 2002-2003 were yet to be received

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 5211.08 crore) made during this year constituted 13 *per cent* of the original provision (Rs 39203.45 crore) as in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs 172.45 crore made in 20 cases during the year proved unnecessary in view of aggregate saving of Rs 344.16 crore as detailed in *Appendix 18*.

In 12 cases, against additional requirement of only Rs 1111.56 crore, supplementary grants and appropriations of Rs 1383.92 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 272.36 crore. Details of these cases are given in *Appendix 19*.

In 11 cases, supplementary provision of Rs 3629.84 crore proved insufficient leaving an uncovered excess expenditure of Rs 10586.38 crore. Details of these cases are given in *Appendix 20*.

In seven cases, though expenditure exceeded budget provision by Rs 147.64 crore, no supplementary grant was provided. Details of these cases are given in *Appendix 21*.

2.3.6 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 where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in *Appendices 22 and 23* respectively.

2.3.7 Defective re-appropriation

During 2003-2004, 164 re-appropriation orders of Rs 2595.96 crore were issued. Of these, 99 orders aggregating Rs 752.18 crore were not considered in accounts due to inordinate delay in receipt of the same.

Of the remaining 65 appropriation orders, 17 orders involving Rs 34.94 crore were issued on 31 March 2004, the last day of the fiscal year.

2.3.8 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2003-2004, there were 51 cases in which savings above rupees one crore in each case amounting to Rs 1564.04 crore had not been surrendered. In 18 cases, even after partial surrender, savings of one crore rupees and above in each case aggregating Rs 830.23 crore (86.49 *per cent* of total savings) remained un-surrendered. This included un-surrendered savings of Rs 212.74 crore

(99 *per cent* of savings under Grant No. 18 – Finance), Rs 175.54 crore (88 *per cent* under Grant No. 25 – Public Works), Rs 104.32 crore (99 *per cent* under Grant No. 53- Transport) and Rs 102.16 crore (99 *per cent* under Grant No. 27 – Home). Details are given in **Appendices 24 and 25** respectively.

Besides, in 21 cases, Rs 776.39 crore were surrendered in March 2004 indicating inadequate financial control over expenditure. Details are given in **Appendix 26**.

2.3.9 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 12304.18 crore was incurred in 49 cases as detailed in **Appendix 27** without provision in the original estimates/supplementary demands and no re-appropriation orders were issued. This was mainly due to a lump sum provision of Rs 3500 crore under 110-Ways and Means Advance and overdraft against which excess expenditure of Rs 10938.70 crore was incurred and excess expenditure on payment of interest on ‘Power Bonds’ which could not be foreseen. Further, Rs 621.07 crore was incurred on account payment of dues to CPSUs converted to Power Bonds and for adjustment of coal cess to WBPDC. All these were mere paper transactions, suitably commented in Chapter I of the Report.

2.3.10 Surrender in excess of actual savings

In five cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total savings of Rs 307.97 crore, the amount surrendered was Rs 1096.16 crore resulting in excess surrender of Rs 788.19 crore.

In three cases Rs 3.85 crore were surrendered in spite of the fact that the expenditure exceeded the approved provision by Rs 78.57 crore. Details are given in **Appendix 28**.

2.3.11 Advances from Contingency Fund

The Contingency Fund of the State was established under the Contingency Fund Act 1956, in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the Fund were to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable.

The Fund was in the nature of an imprest and its corpus was Rs 20 crore.

As on 1 April 2003, the balance in the fund was Rs 19.11 crore. During the year advances drawn but unrecouped totalled Rs 0.86 crore. Also Rs 0.22 crore was recouped out of the advances drawn during previous years. Thus, the closing balance of the fund as on 31 March was Rs 18.47 crore.

During the year 2003-2004, 28 sanctions were issued for withdrawal of total amount of Rs 2.12 crore.

2.4 Unreconciled Expenditure

Financial rules require that the departmental Controlling Officers should reconcile every month the departmental figures of expenditure with those booked by the Accountant General (Accounts and Entitlements) before the close of the accounts of the year. The reconciliation had, however, remained in arrears in several departments.

During the year, out of 185 Controlling Officers, 66 did not reconcile their accounts for 2003-2004, while 23 completed reconciliation for periods ranging up to 11 months. Eight Controlling Officers completed reconciliation upto March 2002 while 18 Controlling Officers did not take up reconciliation from March 2002.

The total amount remaining unreconciled during 2003-2004 was Rs 21484.96 crore (81 *per cent* of the total expenditure).

2.5 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of financial year is to be regarded as a breach of financial regularity and should be avoided. The position in respect of expenditure upto third quarter, for the fourth quarter and also for the month of March 2004 as depicted below shows that the expenditure incurred in March 2004 in 12 cases ranged between 50 and 100 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the year.

Description of Major Head	Expenditure up to 3rd quarter	Expenditure in 4th quarter	Total expenditure	Expenditure in March 2004	Percentage of expenditure in March 2004
	(Rupees in crore)				
2047- Other Fiscal Services	5.40	12.58	17.98	11.44	64
2075- Miscellaneous General Services	10.19	40.40	50.59	33.04	65
2236-Nutrition	12.71	53.71	66.42	42.65	64
2245-Relief on account of Natural Calamities	25.85	91.19	117.04	87.86	75
2711-Flood Control	16.25	40.57	56.82	37.05	65
2852-Industries	13.68	80.52	94.20	63.20	67
4220-Capital Outlay on Information and Publicity	-	1.37	1.37	1.37	100
4250-Capital Outlay on Other Social Services	0.12	0.36	0.48	0.34	71
4404-Capital Outlay on Dairy Development	-	0.62	0.62	0.62	100
4435- Capital Outlay on Other Agricultural Programmes	-	2.96	2.96	2.96	100
4575-Capital Outlay on Other Special Areas Programmes	9.37	20.10	29.47	14.82	50
4801-Capital Outlay on Power Projects	3.50	141.84	145.34	141.84	98

2.6 Operation of Personal Ledger Accounts

In terms of SR 410 (b) of the Treasury Rules, West Bengal, Vol-I, permission for opening of a Personal Deposit Account may not be granted except after consultation with the Accountant General (Accounts and Entitlement) of the State. In terms of SR 411 *ibid*, Personal Deposit Accounts created by debit to Consolidated Fund of the State shall be closed at the end of the financial years by transferring the balances to the relevant service heads (deduct debit) in the Consolidated Fund of the State; and if there is reason to believe that need for the Deposit Account has ceased, the same shall be closed.

The balance under Personal Ledger Accounts of the State at the end of March 2004 was Rs 653.07 crore. Test-check of 28 Personal Ledger Accounts (PLAs) of 24 Drawing and Disbursing Officers (DDOs) of four departments viz. Land and Land Reforms, Home (Police), Health and Family Welfare and Animal Resources Development revealed that the PLAs were opened during the period from 1966-1967 to 2001-2002. Twenty one DDOs unauthorisedly opened 21 PLAs without consulting Accountant General (A&E). None of the DDOs closed their PLAs at the end of the financial years, as required under rules, resulting in accumulation of Rs 139.44 crore at the end of 31 March 2004. Details are given in **Appendix 29**.

Nine DDOs (eight DMs and DG&IG of Police) retained since 1990-1991 unspent balances of Rs 64.99 crore pertaining to various Scheme Funds in their PLAs till March 2004 (**Appendix 30**).

Three DMs withdrew Rs 9.74 crore from the Treasuries in advance during 2003-2004 to prevent the lapse of budget grant and deposited the same in their PLAs without obtaining necessary Government orders (**Appendix 31**).

Seven PLAs remained inoperative for a period ranging between two and 27 years, having a total balance of deposit of Rs 3.11 crore as on 31 March 2004 (**Appendix 32**).

Departmental receipts of Rs 1.43 crore, collected during January 1997 to May 1999, were deposited and retained in PLAs as of 31 March 2004 by the Superintendents of two Medical College Hospitals without consultation with the Accountant General (A&E).

Rupees 0.17 crore was diverted by four DMs from their PLAs.

Non-government fund of Rs 0.22 crore was held in PLAs of six DDOs in violation of rules.

Thus, funds meant for various developmental works were locked in PLAs without undertaking such works.

Further, utilisation certificates against release of Rs 18.30 crore from PLAs during 2003-2004 by four DMs were not obtained as of July 2004 from the executing agencies/local bodies. In the absence of utilisation certificates it

could not be ascertained whether the amount was spent for the purpose for which it was drawn.

2.7 Huge amounts drawn on Abstract Contingent (AC) Bills remaining outstanding

Administrative Departments issue sanction orders with the concurrence of the Finance Department, authorizing different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) Bills which are required to be adjusted by submission of Detailed Contingent (DC) Bills in the prescribed form with the countersignature of the Controlling Officer within a period not exceeding 60 days from the dates of their drawal from the Treasury or within one month from the dates of their actual expenditure.

Mention was made in paragraph 2.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil)– Government of West Bengal, regarding huge sums of money (Rs 68.99 crore) remaining pending for adjustment for years together. The departments obviously had not taken any action to arrest such practice as is evident from the succeeding paragraphs.

Out of 2835 DDOs, records of 87 offices test-checked between April 2003 and March 2004 disclosed advance drawal of Rs 113.33 crore drawn during 1987-2004 in AC bills (1409 bills), including Rs 10.83 crore (158 bills) drawn during 2003-2004. As against total drawal of Rs 113.33 crore in AC Bills Rs 97.51 crore (1126 bills) remained unadjusted as of March 2004 (*Appendix 33*).

Scrutiny of AC/DC bills revealed the following:-

- In course of submission of AC bills to Treasury, the DDO was required to furnish a certificate to the effect that detailed bills for the previous AC bills had been submitted within the period of 60 days and expenditure had been incurred for the purpose for which the advance was drawn. Neither any DDO furnished such certificate on AC bills nor did the Treasury officers insist on furnishing of such certificate by the DDOs and the DDOs continued to draw such advances on AC bills without submission of DC bills in respect of previous AC bills drawn by them from the Treasury. Twenty one (21) DDOs drew advance for Rs 5.86 crore during 2003-2004 of which Rs 1.72 crore was adjusted as of March 2004, despite non-submission of DC bills against previous AC bills for Rs 18.61 crore drawn during 1987-2003. Due to non-observance of statutory rules and orders relating to drawal of AC bills by the DDOs, there was accumulation of un-adjusted AC bills for Rs 22.75 crore during the period 1987-2004.
- The DDOs of the test- checked offices did not monitor the submission of DC bills and maintain any separate register to record the particulars of drawal of AC bills or details of remittance of unutilised balance, if any, as required under the rules.

- Of the total amount of Rs 102.50 crore drawn during 1987-2003, adjustment of Rs 88.40 crore (86 per cent) mainly pertaining to the Commandant, SAP, 2nd Battalion (Rs 22.73 crore), DM, Birbhum (Rs 18.16 crore), Director of Social Welfare (Rs 6 crore), DM, Paschim Medinipur (Rs 7.77 crore), Animal Resources and Animal Husbandry, WB (Rs 7.07 crore), Commandant, SAP, 6th Battalion Berhampore (Rs 4.71 crore), DM, Bardhaman (Rs 1.99 crore), DM, North 24-Parganas (Rs 1.03 crore), DM, Hooghly (Rs 1.60 crore), DM, South 24-Parganas (Rs 1.32 crore), AO Finance (Rs 1.31 crore), Paschimbanga Natya Academy (Rs 1.28 crore), Superintendent. West Bengal Government Press (Rs 1.24 crore) and SDO Sadar, Dakshin Dinajpur (Rs 1.07 crore), was awaited till March 2004. Due to long pendency, possibility of misuse of Government funds and misappropriation thereof could not be eliminated. Out of Rs 10.83 crore drawn between April 2003 and March 2004, Rs 9.11 crore was also pending for adjustment.
- A sum of Rs 3.52 crore was irregularly and unauthorisedly drawn in 94 AC bills during 1987-2004 by nine DDOs (DMs, Bankura, Paschim Medinipur, Bardhaman, Dakshin Dinajpur, Director, State Land Use Board, Labour Commissioner, SDO, Domkol, Deputy Director, ARD and PO, Jalpaiguri and CMOH, Howrah) without any specific order of drawal of fund in advance from the Government. Advances were also drawn in unauthorized TR forms to avoid submission of DC bills out of which Rs 2.56 crore remained unadjusted as of March 2004.
- Ten DDOs (DMs Hooghly, Dakshin Dinajpur, Bardhaman, SPs, North 24 Parganas, Purba Medinipur, Purulia, Deputy Director, ARD and PO, Jalpaiguri, RR&R Commissioner, State Family Welfare Officer, BDO Bishnupur) spent Rs 1.08 crore towards purchase of computer with accessories, fax machine, mobile phone, cordless phone, xerox machine, type writer machine, voltage stabilizer, office furniture generator, electrical goods, etc. by diverting funds from election/other funds drawn through AC bills in contravention of Financial Rules and orders of the Government.
- Two hundred forty one AC bills amounting to Rs.26.39 crore were drawn by 47 DDOs for various purposes at the fag end of each financial year during 1994-2004 to avoid lapse of budget grant. Of this, a sum of Rs 5.09 crore was drawn by CMOH, Hooghly (Rs 0.96 crore) and DM, North 24 Parganas (Rs 4.13 crore) in March 2004 for implementation of Pradhan Mantri Gramodaya Yojana (PMGY) Scheme and other different development schemes. The fund was lying in the Punjab National Bank, Chinsurah, Hooghly and PL Account of DM North 24 Parganas respectively as of 31 March 2004.
- While submitting DC bills for Rs 72 lakh in April 2003 against AC bill drawn in March 1995 the Director, Animal Resources and Animal Husbandry Department submitted proforma invoice for Rs 47.24 lakh along with the DC bill without enclosing the original vouchers of the suppliers concerned. The proforma invoice was given by the supplier

for advance payment before supplying the items of materials indented. The proforma invoice was however, accepted by the PAO, Kolkata as final adjustment, which was irregular.

- Of the total adjusted amount of Rs 15.82 crore as of March 2004 the incidence of delay in submission of DC bills for Rs 0.97 crore could not be ascertained in audit for want of relevant records and delays in adjustment of the balance amount of Rs 14.85 crore against 275 DC bills are shown in the table below :

Period of delay	Number of DDOs	Amount drawn (Rupees in crore)	Number of DC bills	Amount adjusted (Rupees in crore)	Amount unadjusted (Rupees in crore)
Upto 1 year	24	18.13	191	10.91	7.22
1 year to 2 years	6	2.57	31	2.25	0.32
2 year to 5 years	4	4.44	52	0.97	3.47
Above 5 years	1	7.79	1	0.72	7.07
Total	35	32.93	275	14.85	18.08

Prolonged retention of huge public fund by the DDOs without any adjustment by submitting DC bills is fraught with the risk of serious financial indiscipline/misappropriation. The matter requires immediate attention of the Government for necessary investigation to ascertain the position of actual utilisation of those funds lying unadjusted for a long time.

2.8 Budgetary and Expenditure Control

A review of expenditure and budgetary control revealed persistent savings ranging from Rs 11.67 crore to Rs 33.91 crore in Animal Resources Development Department (Grant No. 49-Animal Husbandry) and Rs 41.67 lakh to Rs 21.62 crore in Fisheries Department (Grant No. 51-Fisheries) during the years 1998-2004. In case of Water Investigation and Development Department (WIDD) persistent savings ranged between Rs 25.23 crore and Rs 96.77 crore during 1998-2003.

Defective system of preparation of budget and lack of control over expenditure

In terms of provisions of West Bengal Financial Rules and West Bengal Budget Manual, the departmental budget estimates are required to be prepared by the respective departments of Government after obtaining budget proposals from the subordinate offices.

The departmental Controlling Officer or a Disbursing Officer under whose disposal a grant is placed is required to keep constant watch over the progress of expenditure under different units of appropriation separately for voted and charged items and to maintain separate records of all liabilities and to monitor effectively the progress of expenditure incurred by the various Drawing and Disbursing Officers (DDOs) subordinate to them by obtaining monthly statement of expenditure (SOE) from the latter. The departmental Controlling

Officers should also maintain the Departmental Consolidated Accounts (DCA) and arrange their verification month by month with those maintained by the Accountant General (A&E), West Bengal.

Animal Resources Development Department and Fisheries Department neither maintained any DCA nor pursued for SOEs from respective DDOs. No system of monitoring the progress of expenditure was in vogue. Thus in preparation of Budget estimate, actual expenditure was not taken into consideration. Besides, neither of the departments maintained records of sanctioned strength vis-a-vis men-in-position under their Directorates. As a result, budget provision on pay and allowances of staff was also not realistically provided.

The budget estimate of WIDD was prepared through discussion with the Chief Engineers (CEs) and Superintending Engineers (SEs) without having inputs from the field offices and the finalised position was reported to the Finance Department.

In the three departments excess expenditure of Rs 97.67 crore⁴ was incurred under different sub-heads of accounts under the major head of accounts during the period 1998-2003 though surpassed by savings under other sub-heads of accounts due to non-utilisation of the grants. This was indicative of improper assessment of budget estimates. Re-appropriation was also not done to regularise the expenditure indicating laxity in budgetary control by the departments.

Scrutiny revealed that Fisheries Department, though required to submit by October 15, did not furnish their budget proposal to Finance Department in any year during 1998-2004, for budget grant of next financial year.

Scrutiny further revealed that against the sanction order of Rs 193.77 crore issued by the Fisheries Department, an expenditure of Rs 298.70 crore was incurred under the head of account 2405-Fisheries, during the period 1998-2004 by the subordinate DDOs, which indicated lack of control over expenditure.

WIDD incurred during 2001-2002 Rs 20.50 crore without budget provision flouting the financial rules while it could not utilise Rs 43.30 crore provided in the budget during the period 1998-2003 exhibiting casual approach in preparation of budget estimate and indifference in preparing schemes to utilise the fund.

4

Name of the department	Grant Number	Amount of excess expenditure (Rupees in lakh)					Total
		1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	
Animal Resources Development	49	2145.56	363.79	680.58	45.79	364.32	3600.04
Fisheries	51	615.88	516.29	288.18	916.90	135.29	2472.54
Water Investigation and Development	67	250.01	485.95	1268.87	783.65	906.12	3694.60
							9767.18

WIDD was required to release subsidy/grant in favour of West Bengal State Minor Irrigation Corporation on the expenditure incurred in excess of revenue collected towards sale of water by the Corporation. It was observed that actual expenditure was Rs 68.17 crore but amount received as revenue towards sale of water was Rs 2.87 crore against which the department released Rs 74.51 crore. Thus the department released Rs 9.21 crore during the period 1999-2004 more than actual requirement of Rs 65.30 crore (Rs 68.17 crore minus Rs 2.87 crore) which indicated lack of financial control of the department resulting in unnecessary draining out of fund from the departmental budget grant.

2.9 Transfer of fund to the Deposit accounts through 'NIL' payment vouchers

West Bengal Treasury Rules *inter alia* stipulate that (i) no money should be drawn from the Consolidated Fund unless it is required for immediate disbursement and (ii) the money should be spent for the purpose for which it was provided for in the Appropriation Act by the legislature.

In violation of the above statutory provisions a sum of Rs 2092.61 crore was drawn by the different Drawing and Disbursing Officers (DDOs) from the Consolidated Fund under different service heads⁵ of accounts by contra credit to (i) 8342-Other Deposits (Rs 5.08 crore), (ii) 8443-Civil Deposits of Local Fund (Rs 69.69 crore), (iii) 8448-Deposits of Local Fund (Rs 1740.95 crore) and (iv) 8449-Other Deposits (Rs 276.89 crore) during the period from April 2003 to March 2004.

Thus, Rs 2092.61 crore though booked as expenditure under the Consolidated Fund was not actually spent, but credited to the Deposit Accounts and thereby the expenditure shown in the Government Account for 2003-2004 stood inflated to that extent.

Test-check of records of five DDOs revealed that Rs 175.53 crore, meant for various development schemes, were transferred to Deposit heads by drawing 'NIL' bills, as per orders of the Departments during the years 2001-2004, as detailed below:-

	Name of the DDO	Year of transfer	Amount transferred (Rupees in crore)	Service Head	Deposit Head	Name of the authority operating the PL/ Deposit Account
1.	DM, Bardhaman	2001-2002	2.64	2217, 2406	8443	DM
		2003-2004	5.00	2575	8443	DM
		2003-2004	5.00		8448	Zilla Parishad
		2003-2004	44.14	3604	8448	Municipalities
2.	DM, Hooghly	2003-2004	1.75	2575	8443	DM
		2003-2004	32.64	2217, 3604	8448	Municipalities
3.	DM, North 24-Parganas	2003-2004	4.13	2217	8443	DM
		2003-2004	78.98	2217, 3604	8448	Municipalities
4.	SDO, Sadar Hooghly	2003-2004	0.54	2515	8448	SDO
5.	SDO, Arambagh	2003-2004	0.71	2515	8448	SDO
			175.53			

⁵ Social Services; Revenue Account: Rs 1436.39 crore, Capital Account: Rs 4.47 crore; Economic Services; Revenue Account: Rs 503.06 crore, Capital Account: Rs 47.69 crore; General Services; Revenue Account: Rs 0.02 crore, Capital Account: Rs 0.79 crore; Grants-in-aid and contribution: Rs 100.19 crore

Scrutiny of “NIL” bills along with relevant records disclosed that:-

- Out of Rs 19.77 crore deposited by transfer, Rs 12.89 crore remained un-utilised in the PL Accounts/Deposit Accounts of DM, Bardhaman (Rs 629.17 lakh), DM, Barasat (Rs 413.30 lakh), DM, Hooghly (Rs 110.26 lakh), SDO, Arambagh (Rs 33.63 lakh), SDO, Hooghly Sadar (Rs 49.70 lakh) and ZP, Bardhaman (Rs 53.33 lakh) as of March 2004. Records of utilisation of the balance amount of Rs 155.76 crore allotted to municipalities and other local bodies during 2003-2004 could not be furnished to audit.
- A sum of Rs 2.64 crore allotted to the DM, Bardhaman during the year 2001-2002 for payment to the Kulti Municipality towards execution of development works was drawn and transferred to Deposit Account by the District Authority. The entire amount remained unutilized for two years as on March 2004.
- Rupees 4.13 crore was allotted to the DM, North 24 Parganas with the authority to draw and transfer the fund to the Local Fund Accounts of the concerned urban local body by way of transfer credit in the respective treasury. The amount so drawn was deposited to the PL Account of the District Magistrate on March 2004 without any order from the Government.

The action of the executives/departments/drawing and disbursing officers transferring funds to the Deposit Accounts without keeping any watch over their proper utilization along with idling of funds for years together was not only irregular but also jeopardized the system of legislative control over public money.

2.10 Other topics of interest

2.10.1 Irregularities in the functioning of treasuries

Non-maintenance of records relating to sanction orders

During inspection of treasuries for the year 2003-2004, it was observed that most of the treasuries did not maintain any systematic records for noting sanction orders relating to drawal of AC bills/grants-in-aid/withdrawal of GPF, etc. in absence of which the authenticity of the claims could not be checked leaving scope for fraudulent drawal/double drawal of Government money from the treasuries by presenting fake bills.

Irregularities in maintenance of Allotment Register

According to Government instructions (May 1977) an Allotment Register is to be maintained in respect of each DDO for ensuring necessary checks as regards drawal of funds within the allotment of fund placed in favour of the DDO under each detailed head of account. It was, however, seen that the Allotment Register was not maintained properly in 19 treasuries and the

DDOs had been allowed to draw funds in excess of allotment in all the treasuries. The regularisation of overdrawal, if any, had not been watched.

Irregularities in payment of pension

Scrutiny of the records of treasuries revealed that Rs 53.67 lakh were overpaid as pension to pensioners due to wrong calculation of pension paid on re-employment/re-marriage, etc. and non-reduction of enhanced rate of family pension after expiry of stipulated period. Further, irregular, unauthorised and doubtful payments of pension of Rs 43.58 lakh were noticed in some treasuries. Details are as under:

- An amount of Rs 22.50 lakh was paid in excess to pensioners in respect of relief paid to re-employed pensioners, non-reduction of enhanced rate of basic pension in time, wrong calculation, etc. in case of 39 treasuries.
- In 47 treasuries an amount of Rs 30.66 lakh was yet to be recovered from the banks on account of excess credit of pension to the deceased Pensioners' Bank Account.
- Due to non-reduction of commuted value of pension from the basic pension in time Rs 0.51 lakh was overpaid in 6 treasuries, requiring recovery from the pensioners.
- As per procedure, Life Certificates are required to be obtained invariably each year in the month of November from the pensioners concerned and kept along with the PPO or necessary noting in this respect kept in the PPO Register under the authentication of the competent officer. Such procedure was not followed in 18 treasuries. A considerable amount of Rs 43.58 lakh was paid without obtaining the Life Certificates leaving scope for fraudulent drawal.