सत्यमेव जयते

Manual for Financial Advisors

Finance Department
Govt. of West Bengal

www.wbfin.gov.in

January, 2016

सत्यमेव जयते

Manual for Financial Advisors

Finance Department
Govt. of West Bengal

January, 2016

PREFACE

1. The system of Financial Advisor (FA) in the administrative departments was introduced by the State Government in the year 2012 with the objective of greater delegation of financial powers to different departments of the State Government. The primary aim was to facilitate expeditious implementation of development and welfare programmes through better and speedier expenditure management by the departments.

2. The Financial Advisors are mandated to advise the departments on various issues concerning budgetary and fiscal control, financial rules, treasury rules and procurement policy and rules of the State Government.

3. The FA system in a span of 3 years has evolved as a crucial component in planning, fund and financial management of the departments. It has also brought about efficiency in plan expenditure.

4. The Finance Department as a first step in further strengthening the FA system has decided to bring out a "Manual for Financial Advisors" incorporating some of the essential circulars and rules relating to duties and responsibilities of the Financial Advisors. This manual will help the Financial Advisors in performing their duties.

5. I acknowledge the sincere efforts put in by Shri P.A.Siddiqui, IAS, Secretary, Finance Department and Director of Treasuries & Accounts, West Bengal and Shri Gautam Samanta, WBA&AS, Joint Secretary, Finance Department (Group T) in bringing out this volume. Care has been taken to make the Manual exhaustive and error free. Errors and omission, if any and suggestions may be brought to the notice of the Finance Department.

(H.K.Dwivedi)
Principal Secretary

INDEX

CHAPTER - I

Budget Procedure

1.1. Bills & Acts

1.1.1 The Budget of the State government is the Annual Financial Statement.

1.1.2 In terms of Article 202 of the Constitution of India, the Annual Financial Statement of the Government (Budget Publication No.1) is laid before the Legislature. The Annual Financial Statement contains the estimates in a consolidated manner. The detailed Estimates are embodied in other Budget Publications. The Budget Documents are placed sometime in the month of February or March every year. The estimate of expenditure contains both charged and voted items. The classes of expenditure which are treated as charged expenditure have been given under Article 202(3) of the Constitution. These are emoluments and allowances of the Governor and other expenditure relating to his office, the salaries and allowance of the Speaker and the Deputy Speaker, debt charges, interest charges, expenditure relating to raising of loans, salaries and allowances of Judges of High Court, sums required to satisfy judgment, decree or award of any Court etc.

1.1.3 The Finance Minister presents the Budget Estimates to the House with a speech which is known as the **"Budget Speech"**. This is largely a policy document. Though the Finance Minister reviews the salient features of the financial administration of the year ending and the year commencing, the main purpose is to focus attention on the policies and programmes of the Government.

1.1.4 The general discussion on the Budget takes place as per programme fixed in this respect. The general discussion is wound up by the Finance Minister who replies to the important issues raised on the floor. Thereafter the Demands for Grants of all departments are moved by the Finance Minister. After such motion the individual demands for grants are taken up and discussed in the House.

1.1.5 The financial year of the Govt. ends on 31st day of March. As the proceedings in the Assembly for passing of demands for grants for the ensuing financial year extends beyond 31st March, it becomes necessary for the Govt. to obtain the approval of Legislature to incur expenditure for a part of the ensuing financial year. For this purpose, motion for grants under Vote-on-Account is moved before the Legislature in terms of Article 206 of the Constitution. Subsequently a bill viz. The W.B. Appropriation (Vote-on-Account) Bill is introduced and after its passing it is enacted before the close of the financial year.

1.1.6 Additional expenditure incurred over the budgeted estimate during the course of a year is required to be regularized before the end of the financial year. For this purpose, Supplementary Estimate is presented before the Legislature in terms of Article 205 of the Constitution. Subsequently a bill viz. **"The W.B. Appropriation Bill"** is introduced and after its passing it is enacted before the close of the financial year.

1.1.7 The cash transactions pertaining to a year are closed on 31st March except inter-Governmental Adjustment carried out by R.B.I for some time more. The accounts are finally closed by the

Accountant General. The State Government receives the Account through the Comptroller and Auditor General of India in the forms of -

i. Finance Accounts &

ii. Appropriation Accounts

The Appropriation Accounts may reveal expenditures on some of the items which have been incurred in excess of the grants as approved by the Legislature during the course of a year. This is examined by the **Public Accounts Committee** and on its recommendation the Finance Department prepares the Statement of Excess Expenditure. This is presented before the Legislature in terms of Article 205 of the Constitution and a motion for Grant is moved.

Subsequently a bill viz. The W.B. Appropriation (Excess Expenditure for the years from——to ——) Bill is introduced and after its passing it is enacted.

To summarize, the following are required to be passed and enacted before the close of the financial year (March Session of the Assembly).

Subject	Bill	Act
Vote-on-Account	The West Bengal Appropriation (Vote on Account) Bill	The West Bengal Appropriation (Vote on Account) Act
Supplementary Estimate	The West Bengal Appropriation Bill	The West Bengal Appropriation Act

The following are required to be passed before the end of the Budget Session (June-July).

Full Budget of the Govt.	**The West Bengal Appropriation (No.2) Bill**	**The West Bengal Appropriation (No.2) Act**
Excess Expenditure (This is not placed every year as it depends upon the recommendation of the P.A Committee)	**The West Bengal Appropriation (Excess Expenditure for the years from————to ———) Bill**	**The West Bengal Appropriation (Excess Expenditure for the years from——————— to ———————) Act**

1.2. Some Basic Terms

1.2.1 Consolidated Fund of the State

As defined under Article 266 of the Constitution of India, all revenues received by the Government of a State, all loans raised by the State Government and all money received by the Government in repayment of loans shall form one **Consolidated Fund.** Expenditure made out of such fund is the consolidated fund expenditure. The transactions relating to this fund (Receipt and Expenditure) are shown in the Statement-I of the Annual Financial Statement (Budget Publication No. I)

1.2.2 Contingency Fund of the State

This is the fund established by the Legislature in terms of Article 267(2) of the Constitution. Its purpose is to enable the Executive to incur, in emergencies, expenditure not covered by the vote of the Legislature.

At present the corpus of the fund is Rs. 20.00 Crores. This fund is held on behalf of the Governor by the Secretary to the Government of West Bengal in the Finance Department. Advances are given from this Fund to meet unforeseen expenditure pending approval of the Legislature and they are recouped to the Fund after the Legislature approves the Supplementary Demands. The transactions relating to this fund are shown in the Statement-II of the Annual Financial Statement (Budget Publication No. I).

In respect of Court cases , for payment relating to award/decretal amounts, if the fund is sought from Contingency Fund , the views of L.R. is to be normally taken if further appeal is required or not.

1.2.3 Public Account

The Public Account is confined to the transactions in which the Government acts as a banker for the deposits from local bodies, public sector undertakings, provident funds, other funds created by Government. The fund is in the nature of liability for the Government and do not belong to the Government, therefore, Legislative authorization for payment from Public Account is not required. The transactions relating to this fund are shown in the Statement - III of the Annual Financial Statement (Budget Publication No. I).

1.3. Structure of Government Account

1.3.1. The Accounts of Government are kept in the following three parts:

Part- I Consolidated Fund

Part-II Contingency Fund

Part-III Public Account

In Part-I, In **Consolidated Fund** there are three (3) main divisions, namely:-

i. Revenue

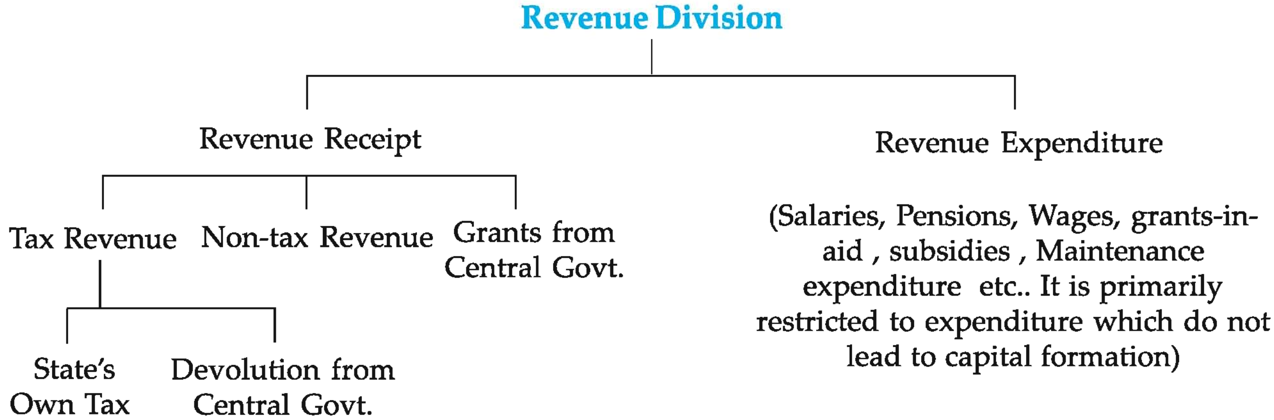
ii. Capital and

iii. Debt (comprising Public Debt, Loans and Advances and Inter-State Settlement)

(a) Revenue

The first division which is known as 'Revenue Account' deals with the proceeds of taxation and other receipts classed as revenue and the expenditure there from, the net result of which represents the revenue surplus or deficit for the year.

Revenue Division



(b) Capital Expenditure

The second division, which is known as 'Capital Expenditure' outside the 'Revenue Account' deals with the expenditure met usually from borrowed funds with the main object of creating assets of material character. It also includes receipts of a capital nature intended to be applied as a set-off against capital expenditure. This relates to expenditure on items which lead to direct capital formation like buildings, roads, irrigation projects, machinery and equipment, share capital investment etc.

(c) Debt (comprising Public Debt, Loans and Advances and Inter-State Settlement)

The third division comprises loans and advances received from the Central Government and the loan raised by the State government classed as internal debt of the State government (such as Market Loans, Ways and Means Advances and other loans) and Loans and Advances made by Government together with repayments of the former and recoveries of the latter. Inter-State Settlement transactions arising since the time of reorganization of States are also included in this division.

1.4. Heads of Accounts Coding Pattern

The present structure of classification of transaction in Government Accounts is based on functional-cum-programme activity.

Major Heads : A four digit code has been allotted to the major heads . The major head gives the broad individual function ,e.g., 2039-State Excise , 2015-Elections etc.

Sub-Major Heads : A two digit code has been allotted starting from 01 under each major head. The sub-major heads represent sub-group of programmes e.g. 01-Elementary Education ,02-Secondary Education etc.

In cases where there are no sub-group of programmes , no sub-major head exists. In such cases the code 00 is allotted.

Minor Heads : A three digit code has been allotted below the sub-major head. It indicates the individual programme e.g 111-Sarva Siksha abhiyan ,004-Research etc..

Plan Status : Two English characters have been assigned to indicate whether the transaction is in the Non-Plan Sector (NP) , State Plan Sector (SP), Central Sector(CN) etc.

Sub-Head (Also termed as Scheme Head): A three digit code has been allotted to the sub-heads. The sub head represents the individual scheme e.g. 067-Heritage Conservation Project-Governor's Estate, West Bengal, 011-Setting up of Roopkala Kendra etc.

Detailed Head (Also termed as Object Head): A two digit code has been allotted to the detailed heads. The details of expenditure in respect of each scheme are depicted in the form of standard object of expenditure, e.g., 01- Salaries, 02-Wages etc.

Sub-Detailed Head : It often becomes necessary to differentiate various purposes in respect of an object of expenditure . For such reason, sub-detailed heads are provided. A two digit code has been allotted . As for example , below the detailed head " 31-Grants-in-aid-General", two sub-detailed heads may be used ,as and when necessary , These are "01-Salary Grants" and "02-Other Grants"

1.4.1. The manner in which full head of Account is to be written has been shown below-

Expenditure Head

MMMM-SS-I I I-PP-XXX-DD-Y-ZZ where

MMMM	= 4 digit major head (e.g. 2202/2059)
SS	= 2 digit sub-major head(e.g 00/01)
I I I	= 3 digit minor head (e.g 001/800)
PP	=2 English characters for plan status (e.g NP/SP)
XXX	= 3 digit scheme head (e.g 001/112)
DD	= 2 digit detailed head (e.g. 01/31)
Y	= 1 English character for Voted (V)/ Charged (C)
ZZ	= 2 digit sub-detailed head (e.g. 01/03)

Example

2202-General Education-01-ElementaryEducation-104- Inspection-NP-001-Primary Schools-01-Salaries-02-Dearness Allowances (Code : 2202-01-104-NP-001-01-V-02) (19 digit code) Where there is no sub-detailed head, it becomes 17 digit code

Receipt Head

0210-Medical and Public Health-01-Urban Health Services-107- Receipts from Drug Manufacturers-001-Receipts under the Drugs Act-13-Licence Fee 0210-01-107-001-13 (14 digit code)

In order to have uniformity in the accounts all over the country, the heads of accounts are adopted as laid down by the Comptroller and Auditor General of India . Accounts all over India follow the same major, sub-major and functional minor heads.

1.4.2. Opening of new sub-heads/detailed heads

The Administrative Departments are often required to open new sub-heads/detailed heads. In such cases, the proposal will be required to be referred to the Finance Department after suggesting the new head of account with full nomenclatures indicating the major head, sub-major head, minor head and plan status. After obtaining the concurrence of the Finance Department, the approval of the A.G (A&E), WB. will be required to be obtained by the Administrative Department. The orders for opening new head of account are also to be issued by the Administrative Department.

1.4.3. Role of Departments in Budget Preparation

The Finance (Budget) Department is responsible for preparation of the budget and its presentation to the legislature and for this purpose is authorized to require other departments of the Government to furnish materials on which the estimates will be based. The Departments depend for these materials on estimates framed by the head of Directorate under them. They in their turn depend on materials furnished by local officers who collect the revenue or incur expenditure. For proper examination of estimates and their inclusion in budget time schedule shall be strictly adhere to. Each Budgeting Authority will be responsible for the correct preparation of the estimates (both for Revised and Budget) in respect of the receipts and expenditure with which he is concerned.

CHAPTER-II

FRBM Act and Fiscal Indicators

2.1. FRBM Act and its background

2.1.1. The Indian Parliament, in August 2003, passed the Fiscal Responsibility and Budget Management Act (FRBMA), which imposes stringent fiscal discipline on the central government in its overall fiscal and macroeconomic management operations. The primary objectives behind having an FRBM, as highlighted by the Union Government, were (a) to maintain transparency in fiscal management systems in the country, (b) to bring inter generational equity in debt management and (c) to bring long term fiscal stability in the economy.

2.1.2. It was defined as an Act to provide for the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the State Government and conduct of fiscal policy in a medium-term framework and for matters connecting therewith or incidental thereto.

2.1.3. Whereas it is expedient to provide for the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability to progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the State Government and conduct of fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto.

2.2. Need for FRBM Act and how it works

2.2.1. In view of increasing debt-stress on both Central and the State Governments and increasingly incurred liabilities on part of both and so in order to stage a robust recovery for both the economies, measures of fiscal prudence and consistent monitoring and control measures over crucial fiscal indicators need to be ascertained and therefore, the FRBM Act is resorted to devise a well-calibrated approach over the years to reach the set targets with ease and convenience.

2.2.2. As per the statute of West Bengal Fiscal Responsibility and Budget Management (FRBM) Act, 2010 as amended and the rules thereto, a publication by the name of Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement is presented before the August Legislative house by the Hon'ble Finance Minister every year during the budget session.

2.3. West Bengal Fiscal Responsibility & Budget Management Act, 2010

2.3.1. The **West Bengal Fiscal Responsibility & Budget Management Act** was enacted by the State Government in **2010** ensure prudence in fiscal management and fiscal stability. The West Bengal Fiscal Responsibility and Budget Management Act, 2010 was further amended in April, 2011 to revise targets of achievement of 'crucial' fiscal indicators over a five-year period from 2010-11 to 2014-15.

2.3.2. In terms of the provision of the said Act the State Government envisages-

i. Progressive reduction of debt stock as percentage of GSDP from maximum limit of 40.6% in 2010-11 to 34.3% in 2014-15.

ii. Progressive reduction of revenue deficit to nil in 2014-15 from maximum limit of 3.6% in 2010-11

iii. Progressive reduction of Fiscal Deficit to 3% of the GSDP within four years from maximum limit of 3.5% in 2010-11.

2.3.3. **Which fiscal indicators were sought to be addressed by WBFRBM Act, 2010?**

The fiscal indicators which were sought to be controlled by the WBFRBM Act were -

i. Maximum Debt Stock as per centum of Gross State Domestic Product (GSDP)

ii. Maximum Revenue Deficit as per centum of Gross State Domestic Product (GSDP)

iii. Maximum Fiscal Deficit as per centum of Gross State Domestic Product (GSDP)

2.3.4. **Targets set under WBFRBM Act**

As a State's deficit to GSDP ratio increases, the state debt rises as well, increasing the size of the debt to GSDP ratio. This ratio, another measure of a State's ability to pay, measures the overall State debt, or the sum of accumulated deficits, as a percentage of aggregate economic output.

And, therefore, necessary specific bindings have been set by WBFRBM Act. Accordingly, West Bengal Fiscal Responsibility and Budget Management (FRBM) Act prescribes that the State government shall progressively reduce the debt stock, revenue deficit and fiscal deficit. In the fiscal management principles the following measures are prescribed:-

2.3.4.1. Debt stock as a ratio to GSDP, targeted at 40.6 per cent in 2010-11, 39.1 per cent in 2011-12 and gradually to be reduced to 34.3 per cent by 2014-15, in the manner as mentioned below:—

Year	Maximum debt stock *as per centum* of Gross State Domestic Product (GSDP)
(1)	(2)
2011-2012	39.1
2012-2013	37.7
2013-2014	35.9
2014-2015	34.3

2.3.4.2. Revenue deficit as a ratio to GSDP, targeted at 3.6 per cent in 2010- 11, 1.6 per cent in 2011- 12 and gradually to be reduced to zero by 2014-15 and the surplus built up in the revenue account would be used to discharge liabilities in excess of assets, in the manner as mentioned below :

Year	Maximum revenue deficit as *per centum* of Gross State Domestic Product (GSDP)
(1)	(2)
2011-2012	1.6
2012-2013	1.1
2013-2014	0.5
2014-2015	0.0

2.3.4.3. Fiscal deficit as a ratio to GSDP, targeted at 3.5 per cent for the years 2010-11 and 2011-12, to be reduced to 3 per cent by 2013-14, in the manner as mentioned below:—

Year	Maximum fiscal deficit as *per centum* of Gross State Domestic Product (GSDP)
(1)	(2)
2011-2012	3.5
2012-2013	3.5
2013-2014	3.0
2014-2015	3.0

2.3.5. However, the 14th Finance Commission recommended for amendment of the FRBM Act of the State to provide for the statutory flexible limit on fiscal deficits and also to provide statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision. The Commission also urged the State Government to consider replacing the existing FRBM Act with a debt ceiling and fiscal responsibility legislation by invoking Article 293(1) of the Constitution of India in its preamble without amending the FRBM Act.

2.4. Receipts of the State

2.4.1. Tax Revenue

The State Tax Revenue comprises of taxes on agricultural income, other taxes on income and expenditure, land revenue, stamps and registration fees, taxes of immovable property other than agricultural land, State excise, sales tax, taxes on vehicles, taxes on goods and passengers, taxes and duties on electricity, other taxes and duties on commodities and services.

2.4.2. Non-tax Revenue

Revenues collected by the State other than State tax revenue are called non tax revenue e.g. interest receipts, dividend and profits etc. They are booked under major head "0047" to "1475" of budget publication- I viz. the Annual Financial Statement of the State.

2.4.3. **Tax Devolution**

It refers to the share of taxes received from Government of India. It covers Corporation tax, Taxes on wealth, Customs Union excise duties, Service tax ,Other taxes and duties on commodities and services.

2.5. Definitions, Formulation & Calculation Procedure of Relevant Fiscal Indicators

The following are some of the fiscal performance indicators under the West Bengal Fiscal Responsibility and Budget Management Act, 2010 (WBFRBM Act, 2010) and West Bengal Fiscal Responsibility and Budget Management Rules, 2011 (WBFRBM Rules, 2011)-

2.5.1. **Debt stock**

It means the total debt outstanding at the beginning of the financial year, plus the gross borrowing during the year, minus the liabilities discharged during the year

2.5.2. **Revenue Deficit**

It is the excess of Total Revenue Expenditure over Total Revenue Receipts which include State's Own Revenue receipts (both tax and non-tax) and current transfers from the Centre comprising Grants and state's share of Central taxes during a Financial Year.

Revenue Deficit = (Total Revenue Expenditure – Total Revenue Receipts)

Revenue deficit calculation

(all the expenditure and receipts figures are part of Consolidated Fund of the state)

Revenue Expenditure:

i.	Salaries	-	xxxx
ii.	Grants-in-aid	-	xxxx
iii.	Grants for creation of capital assets	-	xxxx
iv.	Subsidies	-	xxxx
v.	Interest payment and debt servicing	-	xxxx
vi.	Pension	-	xxxx
vii.	Other revenue expenditure	-	xxxx
viii.	Social Services [other than (i) to (iv) mentioned above]	-	xxxx
ix.	Economic services[other than (i) to (iv) mentioned above]	-	xxxx
x.	Compensation & Assignment to Local Bodies and PRI's under Major head 3604	-	xxxx
	Total Revenue Expenditure		xxxx

Revenue Receipts:

i.	Tax Revenue (raised by the state)	-	xxxx
ii.	Non-tax revenue	-	xxxx

iii.	Interest receipts	-	xxxx
iv.	Other revenue receipts	-	xxxx
v.	Share of Union Taxes and Duties	-	xxxx
vi.	Grants from Central Govt.	-	xxxx
	Total Revenue Receipts	-	xxxx

2.5.3. **Fiscal deficit**

It is the excess of Total Expenditure (net of debt repayments) over Total Revenue Receipts, Recovery of loans and non-debt capital receipts, during a financial year.

Fiscal Deficit = (Revenue Deficit + Net Capital Expenditure + Net Loans & Adv disbursement)

2.5.4. **Primary deficit**

It is the Fiscal deficit minus Interest payments.

Primary Deficit= (Fiscal Deficit – Interest Payment & Debt Servicing included in Revenue exp.)

Fiscal deficit and Primary deficit calculation

(all the expenditure and receipts figures are part of Consolidated Fund of the state)

1.	Revenue Deficit	-	xxxx
2.	Capital Expenditure		
	i. General Services	-	xxxx
	ii. Social Services	-	xxxx
	iii. Economic Services	-	xxxx
	Total	-	xxxx
	Less- Capital receipts	-	xxx
	Total capital expenditure net of capital receipts	-	xxxx
3.	Net loans and advances disbursement		
	i. General Services	-	xxxx
	ii. Social services	-	xxxx
	iii. Economic services	-	xxxx
	iv. Other loans and adv.	-	xxxx
	Total loans and adv. disbursement	-	xxxx
	Less: Recovery of loans & advances		xxxx
	Net Loans and Advances outgo	-	xxxx

2.5.5. **Gross State Domestic Product (GSDP)**

Gross State Domestic Product is the broadest quantitative measure of State's total economic activity. To be specific, GSDP represents the monetary values of all goods and services produced within the confines of State's geographical borders over a specific period of time.

State's borrowing limit for a year depends on total value of GSDP at current prices of the previous year.

2.6. Tax & Expenditure policies of the Government to help control Fiscal Indicators

2.6.1. **Tax Policy**

2.6.1.1. The government since its very inception focused on increasing the tax revenue of the State without imposing unreasonable burden on the common people. The only way it could be possibly brought about was to increase transparency in tax collection, reducing cost of compliance and increasing the tax base. A system of e-governance was therefore introduced in place of an earlier existent manual system of tax collection and a re-engineering of processes was implemented to the benefit of both the consumers and the tax collecting authorities.

2.6.1.2. A re-engineered policy of taxation as such should beckon any technical advancement at hand to serve the two-pronged purpose of –

i. increasing the ambit of tax base by bringing greater number of tax payers into it through facilitating filing of returns,

ii. plugging any leakage or loopholes in tax administration by increasing probity and accessibility of the collecting authorities.

2.6.1.3. The introduction of e-governance in tax administration, together with structural reforms in the tax system, has resulted in significant increase in tax collection in the last two years.

2.6.1.4. The introduction of e-governance in tax administration, together with structural reforms in the tax system, has resulted in significant increase in tax collection in the last two years.

2.6.1.5. The Sales Tax including Value Added Tax (VAT), Stamp Duty and Registration Fee and Excise Duty constitute the main source of own tax revenue of the State Government. The tax policy initiated by the new Government focuses on making the tax administration more efficient and transparent. Emphasis is being laid on the simplification of rules and procedures and e-governance in order to reduce the cost of compliance and bring about tax buoyancy through better compliance. A large number of reforms have in the meantime been introduced in this direction.

2.6.1.6. To further streamline the process of revenue collection, ensure transparency in dealings with dealers and the directorate and for proper file management and file tracking, the Directorate of Commercial Taxes, for instance, is about to introduce an online software application, DMS (Document Management System). Besides, for maximizing revenue collection, the Directorate intends to build an Enterprise Wide Data Warehouse (EDW) with Business Intelligence (BI) Solution in immediate future. Another area of the tax policy is to increase the existing tax-base by exploring new areas of taxation.

2.6.2. **Expenditure Policy**

2.6.2.1. Quantum of capital spending is a sure indicator of a State's developmental motives. The State Government has never cared to shirk its responsibility regarding this. Capital spending is accorded greater thrust than revenue spending by the Government since it is constructively geared towards long-term creation of assets and utilities for the State. Hence the Government decided to increase expenditure on capital creation and other social welfare and development programmes. Efforts are being made to increase plan outlays for building infrastructure in the areas of road connectivity, power, drinking water, urban utilities, etc. and welfare programmes meant for the development of the backward classes, minorities, women, child, rural and urban population living below the poverty line.

2.7. The ratio of a State's debt to its Gross State Domestic Product (GSDP)

2.7.1.1. By comparing what a State owes to what it produces, the debt-to-GDP ratio indicates the State's ability to pay back its debt. Often expressed as a percentage, the ratio can be interpreted as the number of years needed to pay back debt if GSDP is dedicated entirely to debt repayment.

2.7.1.2. As a State's deficit to GSDP ratio increases, its state debt rises as well, increasing the size of the debt to GSDP ratio. This ratio, another measure of a State's ability to pay, measures the overall State debt, or the sum of accumulated deficits, as a percentage of aggregate economic output.

2.8. 14th Finance Commission

The 14th Finance Commission was constituted by the President of India to give recommendations on specified aspects of Centre-State fiscal relation during 2015-20. Major recommendations of the 14th Finance Commission are:

a. To devolve higher share of 42%of Unions net tax receipts to the States during 2015-20. In comparison to 2014-15 this will be a significant enhancement of 10% over the 32% during the awarded period of 13th Finance Commission.

b. The Commission has assessed the revenues and expenditure of the States 2015-20 and has projected deficit for each State if taking into account the amount of share in Central Taxes for that State. For this purpose Post Devolution Revenue Deficit Grant have been recommended.

c. Basic grants and performance grant for duly constituted Gram Panchayat and Municipalities. The ratio of basic to performance grant is 90:10 with respect to Gram Panchayat and 80:20 with respect to Municipalities.

d. It was also recommended that the State will contribute 10% to SDRF during the awarded period with the remaining 90% coming from the Govt. of India

2.9. Borrowing and Internal Debt

2.9.1. The State Government in exercise of its power conferred under clause (1) of article 293 of the Constitution of India may borrow from the market within the country by issuing Loan bonds at a certain % of rate of interest against the security of consolidated fund of the state.

The loan bonds are repayable at the end of its maturity period. The accrued interest is paid at yearly interval on the due date of its payment by the State Government. Both repayment of the principal of the loan and payment of the interest are charged expenditure of the Consolidated fund of the state.

2.9.2. Clause (3) of article 293 of the Constitution of India binds it on the State Government to get consent of the Central Government beforehand if the state Government opts for market borrowing before full repayment of any central loan, or of any loan / debt for which the Central Government gave guarantee.

2.9.3. The internal debt stock of the State Government comprises of the following-

i. Loans from Government of India

ii. Market borrowing

iii. Loans from NSSF fund

iv. Institutional loans (such as loans from NABARD, HUDCO, NCDC etc.)

v. Net of Public Account Deposits and Advances

vi. Net of State Government provident fund and insurance fund.

2.9.4. For raising any loan by market borrowing or by taking institutional loans or any other borrowing, the consent of the Government of India will be required in terms of Article 293(3) of the Constitution of India.

2.10. Consolidated Sinking Fund

2.10.1. The Fund has been constituted by the Government of West Bengal for redeeming its outstanding liabilities.

2.10.2. The fund is to be utilised as an Amortisation Fund for redemption of the outstanding liabilities of the Government commencing from the financial year 2013 –14. The fund has come into force w.e.f the financial year 2008-09.

2.10.3. The Government may contribute to the Fund on a modest scale of at least 0.5 percent of the outstanding liabilities as at the end of the previous year beginning with the financial year 2008-09. The Government shall made efforts to raise the minimum contribution every year. There is no ceiling on such contribution to the Fund in terms of number of times of contribution to be made in a year.

2.11. Guarantees Redemption Fund

2.11.1. A "Guarantees Redemption Fund" has been constituted by the Government of West Bengal for meeting its obligations arising out of the Guarantees issued on behalf of State level Bodies.

2.11.2. The accumulations in the Fund shall be utilised only towards the payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee was issued. It has come into force with effect from the financial year 2014-15.

2.12. Externally Aided Projects

2.12.1. Sources of external development assistance

2.12.1.1. External Assistance made available by various multilateral and bilateral agencies to India comprises of loans / credits and Grants. Of this, the World Bank extends assistance through its concessional lending window, the International Development Association (IDA) and market based lending window, the International Bank for Reconstruction and Development (IBRD). Assistance from Asian Development Bank (ADB) is also market based. These form the principal source of multilateral external assistance to India. Bilateral sources which offer External Assistance include Japan, Russia, Germany, France and United Kingdom.

2.12.1.2 External Assistance in India has contributed significantly in different sectors over the various plan periods for setting up of heavy industries, such as steel plants, power houses, development of road, railways and port network etc. With an anticipated high economic growth, the need and focus has shifted to social sector projects in the sphere of health, education, rain water harvesting and flood control, potable water facilities, sanitation, up gradation of urban infrastructure.

2.12.2. Recipients of external development assistance and classification of projects

2.12.2.1. External development assistance from bilateral and multilateral sources is received largely by the Government of India (i) for projects / programmes in the Central Sector and (ii) on behalf of the State Governments for State sector projects / programmes to be implemented by the State Governments and /or local bodies and public sector undertakings. External development assistance to Central Public Sector Undertakings / Financial Institutions and Non-governmental Organizations flow directly to these bodies without routing the funds through the Government of India accounts.

2.12.2.2 The projects / programmes are mainly classified as Central Projects and State Projects. Central Projects are the projects implemented by Central Ministries/ Departments, Central Public Enterprises, Financial Institutions and Central autonomous bodies like Port Trusts. Some Central Projects are implemented as Centrally Sponsored Schemes. State Projects are implemented by State Government Departments and State Public Enterprises, State financial Institutions and State autonomous bodies.

2.12.3. Methods of disbursement

External development assistance is disbursed by external agencies by operating the following methods-

2.12.3.1. Reimbursement procedure

Under this procedure, the PIA initially incurs expenditure and subsequently claims the amount from the external agency through the AAAD. Eligible expenditure out of the incurred expenditure is then reimbursed by the external agency. There are two ways of dealing with the reimbursement claims as given below:

i. **Reimbursement through Special Account (Revolving Fund Scheme)**

Under this procedure, the external agency releases the estimated expenditure for the projects as initial advance for their respective loan or credit or grant agreement. Such initial deposit is received in foreign currency by RBI, Mumbai and rupee equivalent is passed on to the account of AAAD maintained at RBI, New Delhi through Government Foreign Transaction (GFT) advice. However, RBI, Mumbai maintains a loan wise proforma account for liquidation of advance received from funding Agency. AAAD, on receipt of reimbursement claims from PIA, sends an advice to RBI, Mumbai advising them to debit the Special Account with equivalent of the amount of the eligible claim. Office of CAAA consolidates all such claims and submits to external agency for replenishment of Special Account. This is accompanied by a statement of debits and credits made during the period by RBI, Mumbai and supporting documents received from the PIA.

ii. Reimbursement outside Special Account

Under this procedure (where there is no provision in the loan or credit agreement for the Special Account or the balance in the Special Account is 'Nil') AAAD sends the reimbursement claims received from the PIA to the external agency after checking the eligibility aspect. The external agency thereafter disburses the eligible expenditure to the borrower's account with RBI, Mumbai, who shall pass on the rupee equivalent to the account of the AAAD at RBI, New Delhi by issue of Government Foreign Transaction (GFT) advice.

2.12.3.2. **Direct Payment Procedure**

Under this procedure, the external agency, on the request of the PIA (received through AAAD), duly supported by relevant documents, directly pays to the contractor / supplier / consultant. The external agency then apprises the AAAD and the PIA of the particulars of the payment made. AAAD works out the Rupee equivalent of the foreign currency payment which is recovered by AAAD from the PIAs or State Governments which have availed of the Direct Payment Procedure. In the case of Central Projects and Centrally Sponsored Projects, the concerned Ministry or Department deposits rupee equivalent of the foreign currency in the account of AAAD. In case of State Sector projects, AAAD recommends book adjustment ACA to Plan finance Division of Department of Expenditure as and when direct disbursement intimated by external agencies and requesting them to release the amount to the State concerned notionally and recover the same for credit to AAAD's account. The Plan finance Division issues a sanction for the amount to be released to the State concerned and for simultaneous recovery and credit back to the account of the AAAD. While submitting the claim to AAAD, the PIAs should confirm that Budget Provision is available to cover the rupee equivalent of the proposed Direct Payment, failing which such a claim may be returned.

2.12.4. **Accounting of Aid Material and Equipment**

Detailed instructions for the accounting of aid material, equipment and other commodities from foreign countries are laid down in the Civil Accounts Manual. As per these instructions, the value of technical services or cost of experts deputed by foreign agencies at their own cost does not have to be incorporated in Government Accounts. But any support in the form of materials, equipment and other commodities, even if received as a part of the Technical Cooperation agreement, has to be brought into Government accounts as explained in the Civil Accounts Manual.

2.12.5. **The functions of the Financial Advisor would be as follows -**

i. Timely supply of information about various sources of the finance, the terms and conditions that governs the EAPs.

ii. Identify possible projects either suo-moto or through projects ideas submitted by other department/agencies.

iii. To arrange preparation of new project proposals.

iv. Submission of the PDR/Project proposals for approval before the Higher Authority

v. To arrange initial dialogue/interaction with the external agencies.

vi. Active participation in the negotiation arranged by the concerned Administrative Department with the external agencies for project assistance.

vii. To work with PPT (Project Planning Team) at the time of the preparation of the project preparation by the concerned department.

viii. Maintenance of data base records of EAPs.

ix. Prepare monthly financial/physical progress of the EAPs.

x. To organise the monthly/quarterly review meetings.

CHAPTER-III

Duties, Responsibilities and Powers of Financial Advisors

3.1. Introduction

3.1.1. The FA System was introduced in few of the Administrative Departments in recent past vide Finance Department Memo No. 152-FB dated 27th April, 2012. The departmental financial advisors were delegated powers to accord concurrence to administrative approval and release plan fund upto Rs. 10 crore. Subsequently clarification was issued vide FD memo no. 1056-FB dt. 10.9.12 and some more power / function was delegated to the FA vide memo no. 566-F(Y) dt.31.1.14 and memo. No. 3282-F(Y) dt.23.6.14. [**Annexure-I**].

3.1.2. Encouraged with the outcome of the FA System, the Government has extended the System in all Administrative Departments of the Government of West Bengal. It is now felt necessary that the role authority as well as accountability of the Financial Advisor/ Deputy Advisor to be redefined/ codified in unambiguous terms and their capacity to be enhanced to meet the emergent challenges in future. Finance Department has internally reviewed the FA System in this line and redefined the concept of Fund Management in disciplined manner as outlined in ensuing paragraphs.

3.1.3. Financial Advisors are meant to assist in the achievement of objective / goals of the respective Administrative Department(s) as approved by the competent authority. FA must commit themselves to facilitate implementation of the approved programme with due Financial Prudence to ensure that monies allocated are spent in time, in the prescribed manner, to achieve the intended outcomes.

3.1.4. Assisting the Head of Administrative Department(s) in ensuring value for money would be the key objective for all FAs with emphasis on improving quality of expenditure, and requisite systematic improvements/ capacity building for the purpose. It may also be re-iterated that FAs represent the Finance Department in regard to all financial matters ensuring financial discipline for better management of Budgetary Funds of the Administrative Department(s). It may also be added that FAs keep in track with special provisions if any formulated for any specialized services of the Administrative Department(s) or its parastatals while considering the scheme and projects.

3.1.5. The Duties and Responsibilities of Financial Advisors are also Applicable to the Dy Financial Advisors and Account Officers in the FA set up.

3.1.6. The more complex responsibilities envisaged for FAs must be accompanied by corresponding Authority and capacity. It is therefore necessary to ensure that FAs are suitably empowered, and appropriate measures are taken for capacity building both institutionally and individually. The resources of the respective department(s), structure, and process may need to be augmented/ modified, and latest INFORMATION TECHNOLOGY enabled management structure etc. to be put in place.

3.2. Role of Financial Advisor

3.2.1. The role of Financial Advisor is very important for ensuring fiscal prudence and sound Financial Management of the Administrative Department(s) to which they are attached.

They would bring requisite financial expertise, and over all perspective of financial Management of the Administrative Department(s) of the Govt. of West Bengal in rendering professional like advice to the Secretary / Principal Secretary / Additional Chief Secretary of the Administrative Department. The role of FAs is crucial for successful planning and implementation of various schemes and projects of the Administrative Department evaluating such schemes and projects from the financial view point.

3.2.2. The role of FAs would be in Budget Monitoring of the Administrative Department(s) with a view to rendering advice for allocation of fund within a time frame and advice the Head of the Department about the trend of spending the fund head wise and the status of non-utilization of budgetary fund lying with hand at any point of time on regular basis. In rendering their services, FAs would be expected to look at the total picture of resources for the sector in which they are functioning and assist the Head of the Administrative Department(s) in moving towards greater resource mobilization.

3.3. Duties & Responsibilities of Financial Advisor

3.3.1. The Financial Advisor (FA) will have the following duties and responsibilities-

3.3.1.1. **General Duties**

i. To advice the departmental Secretaries on all financial matters including the procurement proposals which would otherwise have required concurrence of Finance Department.

ii. To screen all expenditure proposals before reference to Finance Department for concurrence.

iii. To ensure maintenance of expenditure accounts against grants or appropriation.

iv. To advice the departmental DDOs of proper maintenance of accounts.

v. To watch and review the progress of expenditure against sanctioned grants through maintenance of necessary control registers.

vi. To screen proposals for supplementary demands for grants.

vii. To monitor non- tax revenue receipts.

viii. To watch settlement of audit, objection, inspection reports, drafts para's etc.

ix. To ensure prompt action on audit reports and appropriation of accounts, reports on public account committee, estimate committee and committee on public undertakings.

x. To release fund down the line online through online plan fund release system and e-bantan module.

xi. To exercise budgetary control both for plan fund, non-plan fund under the grants of the department and also to ensure timely allotment of fund down the line through e-bantan module of IFMS.

xii. To ensure and monitor opening of new Head of Account of both receipt and payment in compliance with the Codal provision in this regard.

3.3.1.2. **Special duties with reference to programme of the state & central**

i. To ensure that the cases of increase in the commitment of the State Government or wherein CS/CN scheme is introduced of the existing sharing norms is altered, they are referred to Finance Department for prior concurrence.

ii. To ensure that fund under Finance Commission grant and BRGF/ Special BRGF is released only after prior concurrence to such release from Finance (Budget) Department.

iii. To monitor expenditure for the funds release as grants in favour of Autonomous Bodies, Local Bodies, Societies, Corporation and Companies under the Administrative Control of the Department.

iv. To assess the financial health of the Autonomous Bodies, Local Bodies, Societies, Corporation and Companies and parastatals.

v. To advise measures for its improvement of financial health of such organizations.

vi. To issue necessary advice to the financial wing of the organization, regulate / monitor its compliance and,

vii. To report any gross deviation from the advice to the departmental authority who in turn may take up with CEO / MD of the organization for corrective measures.

viii. To supervise finalization of Annual Accounts of such organizations.

ix. To monitor regular submission of replies to the audit paras of the Auditors of CAG and compliance with suggestions / instructions issued by the AG (Audit), West Bengal/ CAG, as well as submission of the audited financial statements and reports related to the parastatals to the Legislative Committee.

3.3.1.3. **Special duties in the matter of RIDF / Companies / Corporation / Statutory Bodies and Parastatals**

i. To ensure Loan drawn application with UC for drawl of RIDF Fund direct through Nodal Officer of the Administrative Department.

ii. **FA and DFA to be associated with the companies, corporations, statutory bodies and parastatals** in such organizations which are partly or wholly owned or controlled by the state Government for playing important role in assessing and improving the financial health of such Organizations.

iii. To extend all sorts of help to the Administrative Department in exploring internal resource generation of these organizations. If necessary, FA / DFA may be made special invitee in the board meeting of the organizations for the purpose. The department will ask for the report of the FA / DFA before deciding on sanctioning grant-in-aid, loan, subsidy, incentive, etc., to these organizations. [FD memo. No. 3282-F(Y) dt. 23.6.14].

3.4. Powers of Financial Advisor

3.4.1 FA can accord concurrence to administrative approval of any plan expenditure up to Rs. 10 crores. Financial Advisors have been delegated the power of releasing Plan fund up to Rs. 10 crores in each case subject to certain conditions prescribed vide FD notification no. 1056-

FB dt.10.9.12 read with order no. 152-FB dt.27.4.12. Schemes for which power has already been delegated specifically to the departmental Secretaries need not be referred to Finance Department for approval before sanction and release of fund. [Vide order no. 621-FB dt.1.8.13, 784-FB dt.30.8.13 and 3053(14)-FB dt. 17.3.12].

3.4.2 FA can release fund related to schemes for which central assistance is available subject to the following conditions-

a. Release be considered after being confirmed regarding credit of the central share in State exchequer;

b. Fund should be released as per specific requirement of the schemes;

c. FA will exercise necessary precaution to ensure effective utilization of such project fund within overall budgetary allotment;

d. It should be ensured that fund released earlier has been substantially utilized and not kept idle in Bank account;

e. Fund will be utilized for expenditure on approved items in approved projects/schemes; expenditure can not be incurred for inadmissible items since central share will not be available for such items;

f. FA can release fund only for administratively approved projects, i.e., fund can not be released before administrative approval;

g. In case of new schemes, administrative approval will be necessary as per existing procedure.

3.4.3 FA can release State share in case of centrally sponsored /centrally assisted schemes within the budgetary allotment subject to the condition that the central share has been credited to the State exchequer or with the Bank of the implementing agency.

3.4.4 FA will concur release of RIDF fund keeping in view the checklist enumerated in Memo No. 32-F(Y) dated 02.01.14.

3.4.5 FA can concur Administrative Approval of the projects/scheme taken up under 13th Finance Commission Grant, irrespective of the estimated cost of the project/scheme provided working plan /action plan has been approved by the High Level Monitoring Committee[*Finance Department memo. no. 784-FB dt. 30.8.2013].*

3.4.6 FA can accord concurrence to re-appropriation of fund as detailed in chapter-III.

3.5. Responsibilities of Financial Advisor / Dy. Financial Advisor

3.5.1. FA / Dy.FA would be responsible for performing the duties assigned in the foregoing paragraphs. They will have to adhere to the various provisions of the West Bengal Financial Rules amended time to time, Delegation of Financial Power Rules, 1977 amended time to time [Aneexure-3], Budgetary Procedure of the State Govt., West Bengal Fiscal Responsibility and Budget Management Act, 2010, and relevant other Rules and orders, as well as fair practices of the organizations in discharging his aforesaid duties.

3.5.2. FA/Dy.FA would be responsible for examining the various aspect of the Proposal, particularly the financial implication, which they would concur and which is required to be referred to Finance Department for consideration. The FA/DFA must explicitly observe / opine/ recommend his view while referring the matter to Finance Department.

3.5.3. FA/Dy.FA would ensure with the officials of the Administrative Department regularly review the progress of Internal Audit and action taken there on, so as to make it an important tool.

3.5.4. FA and DFA to be associated with the companies, corporations, statutory bodies and parastatals - In case of such organizations which are partly or wholly owned or controlled by the state Government. FA/DFA will-

i. assess the financial health of the organization;

ii. advise measures for its improvement;

iii. issue necessary advice to the financial wing of the organization;

iv. regulate / monitor its compliance; and,

v. report any gross deviation from the advice to the departmental authority who in turn may take up with CEO / MD of the organization for corrective measures.

vi. supervise finalisation of Annual Accounts

vii. monitor regular submission of replies to the audit paras of the Auditors of CAG and compliance with suggestions / instructions issued by the AG (Audit), West Bengal/ CAG, as well as submission of the audited financial statements and reports related to the parastatals to the Legislative Committee.

Scope of internal resource generation of these organizations should be explored by the Administrative departments by utilizing the service of FA / DFA. If necessary, FA / DFA may be made special invitee in the board meeting of the organizations for the purpose. The department will ask for the report of the FA / DFA before deciding on sanctioning grant-in-aid, loan, subsidy, incentive, etc., to these organizations. [FD memo. No. 3282-F(Y) dt. 23.6.14]

CHAPTER - IV

Modalities for Expenditure out of State Plan

4.1. Sanction of New Schemes

4.1.1. All new schemes or projects whether within the plan or in the non-plan sector shall require administrative approval and sanction of the Finance Department. Finance Department's approval should normally be obtained before budgetary provisions are made. Where such a scheme or project has not been approved or sanctioned or cleared by the Finance Department before inclusion in the budget, any provision in the budget will not entitle the department to give effect to the scheme and sanction of the Finance Department will be required before the expenditure is incurred. Mere inclusion in the budget will not thus enable the department to incur expenditure.

4.1.2. For the purpose of obtaining concurrence of the Finance Department, full details of the scheme should be provided in the nature of a project report including specifically the following points:

i. The financial implication, immediate and in future;

ii. The objective and the expected rate of progress indicating the targets; cost benefit ratio where applicable;

iii. The manner in which the scheme is integrated with the overall plan;

iv. An estimate of capital cost and of other items of expenditure;

v. The establishment cost indicating the requirement of the staff, norms proposed to be enforced and justification of staff according to the accepted norms or norms proposed;

vi. Technical report and/or technical vetting by appropriate experts;

vii. In case of commercial schemes an estimate of investment and expected return;

viii. Other matters as may be relevant to that particular scheme.

4.1.3. **Clarifications**

a. The new scheme would refer to any expenditure arising out of a new policy decision of the State Government including new activity or a new form of investment or which involves creation of additional posts/deployment of additional personnel and hiring of additional vehicles and providing of new telephones.

b. New Scheme would refer to any new construction or execution of new programme beyond Rs. 10 Cr. under existing head of account subject to budget provision.

c. The additions /alterations/renovations of existing works upto Rs.10 Cr. will not fall under new schemes.

4.2. Plan Scheme

4.2.1. **Plan projects including, the Centrally Sponsored / Central Sector projects upto Rs.**

10 crore can be approved by the departmental secretary with concurrence of the departmental FA provided-

a. There is specific budget provision for the project in question;

b. There is no question of budgetary re-appropriation of fund;

c. creation of posts of officers or staff is not involved;

d. Purchase of vehicle is not involved;

e. Existing orders of the Finance Department are followed for purchase of office equipments and installation of new telephones;

f. In respect of Centrally Sponsored and Central Sector projects, the Government of India pattern, if any, is strictly adhered to.

4.2.2. **Administrative approval and financial sanction of plan projects / schemes estimated to cost no more than Rs.10 crore** other than new schemes-

a. Administrative approval for the state plan projects/schemes estimated to cost not more than Rs.10 crore other than those which are exclusively dealt with by the Finance Department (Budget Branch) shall be given by the Departmental Secretary with concurrence of Financial Adviser of the Department, where FA system has been introduced.

b. The **project/scheme proposal shall be sent to the Finance Department for approval** although its estimated cost may be within Rs.10 crore, if it involves any of the following–

   i. Exceeding budgetary allocation of fund or sanction of any augmentation of fund for the purpose;

   ii. Creation of posts including promotional post, recruitment / appointment of officer / staff, casual or contractual appointment, creation of new offices, purchase or hiring of new vehicles, etc.;

   iii. Deviations from the norms and yardstick approved by the Finance Department

   iv. Waiver or relaxation of any general direction issued by Finance Department from time to time.

4.2.3. **Administrative approval for Central Sector Schemes (CN) / Centrally Sponsored Schemes (CS) within Rs. 10 crore shall be approved** as per existing guidelines of the Government of India by the Departmental Secretary with concurrence of Financial Advisor. Such schemes **should be referred to the Finance Department for prior concurrence,** if they involve –

i. Increase in the commitment of the State Government; or

ii. Introduction of new CN / CS; or

iii. Alteration of the existing sharing norm between the State Government / Central Government.

4.2.4. Financial sanction to such projects / schemes which have been accorded administrative approval by the Departmental Secretary with concurrence of Financial Adviser shall be given by the Addl. Chief Secretary / Principal Secretary / Secretary of the Department with concurrence of the Financial Advisor in such manner as may be prescribed by the Finance Department.

4.2.5. Financial sanction to such projects / schemes which have been accorded administrative approval by the Departmental Secretary with concurrence of Financial Adviser / with a **note of dissent of the Financial Advisor**, shall be considered by the Finance Department.

4.2.6. **Administrative approval and financial sanction of plan projects / schemes estimated to cost more than Rs.10 Crore in case of IFA system, but not more than Rs. 50 crore.- [FD memo. No. 3611-F(Y) dt.10.7.14].**

In case of plan projects / schemes estimated to cost more than Rs10 crore for IFA, but not more than Rs. 50 crore, and in exceptional cases specified above for schemes with estimated cost of Rs.10 crore or less, the Administrative Department shall send the proposal to the Finance Department with observation of Financial Adviser, with all relevant particulars including the estimate of the projects duly vetted by the competent technical authority. The proposal shall be accompanied with a project report containing the point-wise information as prescribed in this rule. Decision shall be taken by the Finance Department after due examination of the project.

4.2.7. **Administrative approval and financial sanction of plan Projects / schemes estimated to cost more than Rs. 50 crore. [FD memo. No. 3611-F(Y) dt.10.7.14]**

4.2.7.1. The plan projects / schemes estimated to cost more than Rs. 50 crore shall be referred to the State Planning Board in the first instance with all relevant details as mentioned in this rule and thereafter the same shall be sent to Finance Department along with the observations of the State Planning Board. Decision shall be taken by the Finance Department keeping in view the recommendation of the State Planning Board.

4.2.7.2. In case of project/scheme taken up under 13^{th}/ 14^{th} Finance Commission Grant, administrative approval shall be accorded by the Departmental Secretary with concurrence of Financial Adviser irrespective of the estimated cost of the project/scheme provided working plan / action plan has been approved by the **High Level Monitoring Committee** [*Finance Department memo. no. 784-FB dt. 30.8.2013]..*

4.3. Continuing schemes

4.3.1. **State Plan**

4.3.1.1. Departmental Secretaries specifically authorised for the purpose by the Finance Department may sanction expenditure and release fund on all continuing schemes/projects in state Plan sector provided there is no deviation from norms and pattern, technical or otherwise, already approved by Finance Department and subject to the following restrictions-

a. No augmentation of the existing budget provision is involved by re-appropriation or otherwise.

b. No creation of new post is involved.

c. No purchase of new vehicle is involved.

d. For purchase of office equipments and installation of new telephone, prior clearance of the Finance Department would be necessary.

e. It is essential that a copy of the sanction order is endorsed to the Finance Department, Budget Branch and to the Development and Planning Department in all cases.

4.3.1.2. **State Plan fund relating to any new service or new instrument of service under a scheme cannot released without prior clearance of the Finance Department.**

4.3.1.3. Administrative Department shall release Plan fund subject to such conditions and following such procedure as may be specified by the Finance Department.

4.4. Centrally Sponsored / Central Sector / Centrally assisted State Plan

4.4.1. Secretaries of the Administrative Departments specifically authorized for the purpose by the Finance Department of the Government, may sanction expenditure and release State's matching share as well as Central share up to the current year's budget provision for Centrally Sponsored / Central Sector / Centrally assisted State Plan schemes **subject to the following conditions** –

a. The Administrative Department shall take a written confirmation direct from the Finance Department, that the Central share has been credited to the State exchequer;

b. the Administrative Department shall ensure release of fund as per requirement of the specific schemes and exercise all necessary precautions to ensure effective utilization of such scheme / project funds within overall budget provisions and also that the budgetary allocations are not exceeded in any manner;

c. the Administrative Department shall ensure before releasing any fund on these accounts that the previous released amount has been substantially utilized;

d. the Administrative Department shall approach the Finance Department in case of releases beyond the budgetary allocation, or in case of advance release of State share where Central share has not been received, in case of schemes where the state share is required to be released in advance;

e. it should be ensured that expenditures are made on approved items only as per approved project / scheme;

f. it should be ensured that fund is released for administratively approved schemes / projects only;

g. The Government of India pattern, if any, should be strictly adhered to in case of centrally sponsored and central sector projects / schemes;

h. provisions of West Bengal Financial Rules including Tender Rules should be strictly observed;

4.4.2. In case of the Departments where such power to sanction expenditure and release fund of Centrally Sponsored / Central Sector / Centrally assisted State Plan schemes has not been delegated by the Finance Department, the same should be done in such manner and following such procedure as may be specified by the Finance Department.

4.5. Plan Fund Release and Scheme-wise utilization

4.5.1. Information to be uploaded in (i) "Plan Fund Release" and (ii) " Quarterly Report on Scheme Status" available in the Finance Department website, i.e., www.wbfin.nic.in.

4.5.2. Orders to be issued from the administrative Department as usual.

4.6. Non-Plan Schemes

4.6.1. The Secretaries of the administrative departments may accord administrative approval, technical sanction and financial sanction to Non-Plan expenditure within financial power delegated in Schedule 'A' and Schedule 'B' under existing rule 18 of DFPR, 1977, as amended. Financial Advisors have been entrusted with the responsibility of overseeing non-plan expenditure of the administrative department to which they are attached vide FD memo. no. 566-F(Y) dt.31.01.2014.

4.6.2. While processing the non-plan proposals they will be guided by the fund release order issued by Finance (Budget) Department from time to time as well as the financial power delegated to the departmental secretaries in DFPR, 1977, as amended.

4.7. Grants-in-aid

4.7.1. Fund required by any Government department / Government office for any schemes / projects to be executed / implemented by the concerned department / office or through any other department / office of the Government should not be placed under he detailed head "31-Grant-in-aid" or "35-Grants for creation of Capital Assets".

4.7.2. **Salary under "31-Grant-in-aid"**

01- salary : Approval of Finance Department is necessary unless the scheme duly approved by Finance Department has provision for such salary payment out of the Grant-in-aid. Once approved, further approval of the Finance Department is not necessary, if –

a. Staff strength and patterns remain unchanged;

b. Salary of the staff remains unchanged except the change due to increment and promotion.

4.7.3. **Other than salary**

02-other grants-

a. in case of local and self-Government institutions release of fund may not need approval of the Finance Department, if it is according to the norms set by the State Finance Commission;

b. in case of bodies other than self-Government institutions fund may be released as per administrative approval given by the departmental secretary with concurrence of FA.

4.7.4. "35-Grants for creation of Capital Asset"

Grant-in-aid given to Non-Government Organizations / Institutions / Local Bodies / Development Authorities / PSU's/ Autonomous and Statutory Bodies etc., for creation of capital assets should be placed under the detailed / object head of **"35-Grants for creation of Capital Assets".**

4.7.5. General

Departmental Secretary of the Administrative Department may sanction and release Grant-in-aid within the norms and parameters fixed for the same **subject to the following general conditions-**

a. budget provision exists under the detailed head of the grants-in-aid;

b. there is no deviation from the approved norms and yardstick of the grants-in-aid fixed by the concerned Departmental authority.

c. before sanctioning and releasing grants-in-aid the concurrence of the Financial Adviser is necessary.

4.8. Rural Infrastructure Development Fund (RIDF) and Warehousing Infrastructure Fund (WIF)

4.8.1. Rural Infrastructure Development fund (RIDF) was established during 1995-96 with the National Bank for Agriculture and Rural Development (NABARD) as the funding agency to give loan to State Governments and State-owned corporations for projects relating to (a) Agriculture (b) Irrigation (c) Animal Husbandry (d) Fishery (e) Soil Conservation (f) Flood Protection (g) Social Sector Projects (h) Rural Connectivity (i) Other rural infrastructure projects.

4.8.2. Finance Department of Government of West Bengal is the Nodal Department to monitor the flow of funds and the repayment of loans. The concerned Administrative Departments with the approval of District Planning Committee send specific projects directly to NABARD for RIDF works with a copy to the Finance Department. NABARD approves the projects under respective Tranche in their Project Sanctioning Committee with certain terms and conditions for disbursement, repayment of loan and the rate of interest.

4.8.3. After sanction of the project the Administrative Approval has to be accorded by the concerned Administrative Department within one month from the date of sanction by NABARD. An initial cost as start-up fund (which is equal to 20% of the sanctioned loan against the project) for the project are released by NABARD and subsequent funds are generally released on the basis of expenditure incurred in the project. That is NABARD provides fund on 'reimbursement basis'.

4.8.4. So far, the Government of India approved the XXI tranche of RIDF from the year 2015-16 covering eligible activities for projects of thirty-four specific items including Agriculture and related sectors, Social sectors and Rural connectivity. The Planning Commission approved Rs. 1800 crore for the State Government under RIDF and NABARD Warehousing Scheme (NWS)-WIF for 2015-16. The prevailing rate of interest for RIDF/WIF loan is 6.25% p.a.

4.8.5. The cost estimates of projects should be as per the latest SOR. Pre-appraisal expenses such as expenses incurred on project preparation, cost of technical surveys are allowed up to 0.5% of the RIDF/WIF loan provided the same is outsourced. Contingencies are permitted up to a maximum limit of 3% of civil works under the project.

4.8.6. **Duties and responsibilities of FA**

4.8.6.1. The power to accord concurrence to administrative approval and release plan fund is already delegated to the departmental FA will apply for RIDF projects too. Guidelines and delegation already made for RIDF projects, besides administrative approval and release of fund are as follows-

a. The Administrative Department may send the project proposal with DPR along with the technically vetted detailed estimate straight to the NABARD for sanction of the RIDF/WIF projects. Preparation and vetting of the Estimates to be done by the departments through their in-house technical set-up, if available or from outside the department. The technical set-up will have Engineering hierarchy identical with that in PWD and exercise the same vetting power as delegated to the various levels of engineers in PWD [FD memo. no 248-F(Y) dt.15.1.14].

b. Otherwise, NABARD Consultancy Services Pvt. Ltd. (NABCONS) and other agencies as enumerated in Annexure C and Annexure D under rule 47D of WBFR may be engaged for preparation of DPR and sent to FD for technical vetting of the estimate. The consultancy fee to be fixed within 0.5% of the sanctioned project cost [FD memo. nos. 248-F(Y) dt.15.1.14, 2655-F(Y) dt. 21.5.14 & 2656-F(Y) dt.21.5.14].

4.8.6.2. In case the estimated project cost exceeds Rs. 10 crore, the administrative department will send the project details, estimate, etc., including the DPR to Finance (Budget) Department for examination and technical vetting of the estimate before submission to NABARD for sanction. The procedure of preparation of estimate and DPR will be the same as stated at 4.8.6.1 above.

4.8.6.3. The Nodal Officers of the respective Administrative Departments will send the demand for fund release i.e. Loan Drawal Application (LDA) and utilization certificate for sanctioned RIDF/WIF projects / schemes to NABARD straightaway under intimation to Finance (Budget) Department. [FD memo. no. 964(27)-FB dt.27.8.12 read with no. 976(27)-FB dt.28.8.12].

4.8.6.4. Project costs sanctioned by NABARD for RIDF projects undertaken by the Administrative Department should be within the fund cap approved for the department by **High Power Committee (HPC)** [FD memo. no 248-F(Y) dt.15.1.14].

4.8.6.5. The administrative department can approve release of RIDF/WIF fund after processing of the same by the departmental Financial Advisor (FA). The Financial Advisor should apply due diligence in dealing with release of the RIDF/WIF project fund keeping in view the Plan Fund release orders issued by the FD from time to time. FA may release fund for RIDF/WIF works from their end up to Rs. 10 crore No advance from budget is permissible; that means first fund drawal is permissible only after receipt of start-up fund from NABARD. The Administrative Department shall approach Finance Department for confirmation of receipt of the start-up fund [FD memo.nos.32-F(Y) dt.2.1.14, 152-FB dt. 27.4.12, 566-F(Y) dt. 31.1.14 & 3282-F(Y) dt. 23.6.14].

4.8.7. **Financial Power of FA**

FA may concur release of RIDF fund up to Rs 10 crore provided the amount is within the Budget Provision of the Administrative Department keeping in view the checklist enumerated in Memo No. 32-F(Y) dated 02.01.14.

4.9. WORKS

4.9.1. **FA has been delegated the power to accord concurrence to administrative approval for works expenditure upto Rs. 10 crore in each case;**

4.9.2. The Secretaries of the administrative Departments may approve acceptance of tenders for works in respect of Plan schemes on the merit of each case **without prior concurrence of Finance Department** provided:

a. the tendered amount does not exceed Rs. 10 crore;

b. the relevant provisions of the WBFR regarding tenders are followed;

c. no question of re-appropriation of fund is involved.

4.9.3. The power of acceptance of tenders and Technical Sanction in respect of works (both in Plan and Non-Plan Sector) is delegated to the various levels of officers shown in the following table :

Designation	Tender acceptance	Technical sanction	Remarks
Chief Engineer- (i) With approval of Govt. appointed tender committee (ii) Under his own power	(i) full power** (ii) Rs. 4 crore ***	 (ii)Full power	(i) ** the tender committee will recommend to Government to accord sanction to acceptance of the tender. (ii) ***provided the project has received the administrative approval, or the revised administrative approval of the competent authority, as and when required under the prescribed rules.
Superintending Engineer	Rs. 2 crore + 5% excess of tender value**	Rs. 2 crore	** provided sanctioned estimate and budgetary provision is not exceeded because of the excess and the lowest tender is accepted.
Executive Engineer	Rs. 45 lakh + 5% excess of tender value**	Rs. 45 lakh	** provided sanctioned estimate and budgetary provision is not exceeded because of the excess and the lowest tender is accepted.
Assistant Engineer	Rs. 3 lakh + 5% excess of tender value**	Rs. 3 lakh*	** provided sanctioned estimate and budgetary provision is not exceeded because of the excess and the lowest tender is accepted.* With concurrence of Executive Engineer

Note –

A. Acceptance of Tender at justified rates (estimated cost prepared by the works executing departments) with allowable variances :

   i. Variation up to 5% over the justified rates may be ignored.

   ii. Variation up to 10% maybe allowed for peculiar situations and in special circumstances with the approval of the Government appointed Tender Committee provided budgetary provision is not exceeded because of the excess and the lowest tender is accepted. Reasons for doing so shall be placed on record.

   iii. Tenders above this limit should not be accepted.

B. Maximum 3% on the "Tender value" shall be allowed as contingency to determine the "Estimated Cost".

C. Authority to accept the tender where the value/rate quoted by the bidder (L1) is above the "Tender value" (i.e. amount put to tender):

   i. In case of Plan fund, where the "Administrative Approval" on the "Estimated cost" has been obtained from the concerned Group of the Finance Department, the revised administrative approval on the enhanced estimated cost, if any, shall be obtained from the same authority.

   ii. The Departmental secretary may accord administrative approval with concurrence of Financial Advisor to revised estimate of works expenditure in respect of Plan schemes without prior concurrence of Finance Department in the following cases:

      a. both the original and the revised estimates are within Rs.10 crore and the revised estimate does not exceed the original estimate by more than 10 per cent;

      b. there is adequate budget provision to meet the revised expenditure.

      c. the revised estimate does not include any expenditure on account of additional officers, staff or vehicles, and

      d. expenditure does not involve any budgetary re-appropriation of fund.

4.10. Procedure of approval and release of fund related to works expenditure

Power delegated to the Financial Advisors include according to concurrence to the administrative approval related to works expenditure.

4.10.1. Administrative approval and financial sanction-

   i. administrative approval is accorded by the departmental secretary on the basis of preliminary estimate;

   ii. technical sanction is accorded by the engineering wing of the concerned department within their respective financial power based on the detailed cost estimate;

iii. in case of works expenditure, administrative approval and financial sanction usually are given at the same time;

iv. administrative approval and financial sanction are given on the detailed cost estimate and hence technical sanction should be accorded before issuing financial sanction.

v. Normally, administrative approval is given as a clearance by the department to proceed to the next stage which is preparation of detailed cost estimate before technical vetting by the engineers.

vi. Financial Advisors having been delegated the power of according concurrence to administrative approval and release of plan fund, the following stages should precede release of fund by the Financial Advisors.

   a. Administrative approval and financial sanction within the delegated power of the department; otherwise with concurrence of Finance Department for estimate beyond the delegated power of the Departmental secretary and FA; and,

   b. Technical sanction by the engineering wing of the Department.

vii. Administrative approval and Financial sanction to an estimate for civil work other than repair estimate remains valid for five financial years including the year in which the approval and sanction to the estimate is accorded, unless the entire sanctioned amount has been released in the year of administrative approval and financial sanction. In such cases, the amount of administrative approval and financial sanction may be released over a period of five years according to the need of the construction work to be undertaken in that year out of the current year's budget.

viii. An estimate for a work cannot be broken down into components in order to avoid the necessity of obtaining the approval of the higher authority/Finance Department, or to bring it within the delegated financial power of the FA.

4.10.2. **Release of Fund**

4.10.2.1. Administrative approval and financial sanction may be accorded to an estimate as a whole but fund should be released only within its availability in the current year's budget.

4.10.2.2. Once the administrative approval and financial sanction is given by the administrative department with concurrence of the Financial Advisor/ Finance Department, as the case may be, plan fund can be released according to the need by the Financial Advisor within his financial power provided the fund is available under the appropriate budgetary head of account.

4.10.2.3. Since tender formalities come in between release of fund and actual execution of the work, the department is expected to remain cautious for projects undertaken at the fag end of the financial year. Otherwise, fund released may remain unutilized because of inability of the department to initiate project execution after observance of the tender formalities. In such situation a part of the fund may be released instead of full project estimate.

4.10.2.4. In case L1 bid for execution of work is higher than the sanctioned estimate, approval needs to be taken from the appropriate authority to the revised cost based on the L1 bid and financial sanction to the expenditure. If the revised estimate and financial sanction is also within the concurrence power of financial advisor, then financial advisor will accord such concurrence and release the balance fund subject to its availability at the disposal of the department.

4.11. Revision of Estimate

4.11.1. In case of any revision of schedule of rates, subsequent to finalization of tender formalities, the estimate need not be revised just because SOR has been revised. Necessity of revised estimate and revised administrative approval based on revised SOR arise-

a. in those cases where tender is yet to invited and revised SOR issued before initiation of tender formalities;

b. where tender formalities have already been completed revised administrative approval is necessary when the L1 rate is above the administrative approval amount.

c. Revised estimate may be prepared post tender formalities on estimate based on the old SOR only to establish reasonableness of the rate received in response to tender before sanction of the actual cost of work as determined through tender process.

4.11.2. In case of any need to revise the original estimate due to any major change in drawing, design and structure of the works to be executed, action needs to be taken to obtain revised administrative approval and revised financial sanction from the FA/ Finance Department, depending upon whether the revised estimated cost is within the delegated power of the Departmental Secretary/ FA or not.

4.11.3. In case, change of drawing, design and structure is involved at a stage subsequent to the administrative approval and financial sanction but preceding the tender formalities, the revised estimate and revised administrative and financial sanction should be finalized before floating the NIT.

4.11.4. However, in case of any such change during the course of execution of the work concurrence of Finance Department needs to be taken, if the additional work is to be executed through the same contractor as selected for the original work, prior to issuing work order for the additional work, provided the revised estimate is otherwise within the delegated power of the Departmental Secretary/FA.

4.11.5. If one department of the State Government undertakes works execution of another department of State Government, the works executing department should not claim any administrative charge from the employing/works requisitioning department.

4.11.6. 3 % contingency is usually added to the detailed cost estimate before arriving at the final figure of estimate for administrative approval. Contingency provision is made to cover the contingency situation of meeting incidental charges related to the works. The Works Department have already been delegated the financial power of acceptance of tender up to the maximum of 10 per cent above the sanctioned estimate. Hence, the 3 per cent contingency included in the estimate is expected to take care of the ancillary works to be undertaken which has not been foreseen during estimate preparation and incidental charges related to works during its execution. However, in case of works execution through the agency under Rule 47D, since the agencies undertake the work against agency fees at a rate prescribed in the said rule component wise, the sanctioned estimate in their case will exclude the 3 per cent contingency which is otherwise allowed to the works department.

4.12. Work execution through Agencies

4.12.1. A new feature has been introduced in the purchase procedure by inserting Rule 47D in WBFR which gives **scope to the non-works department** to execute works through state and central PSU's and Development Authorities enlisted in Annexure 'C' and Annexure 'D' of the rule against agency fee upto the maximum admissible amount of 8.5% of the estimated cost prepared on the PWD schedule of rates in case of inability of the works department of the Government to take up the work for execution on priority basis desired by the Administrative Department.

4.12.2. In such cases of project execution through the agencies, the parameters of such engagement, their scope of work, and agency fee should conform to those prescribed in the said rule, i.e., Rule 47D.

4.12.3. The detailed procedure for execution of works by non-works departments under Rule 47D is laid down in memo no. 1240-F(Y) dt. 18.2.13 read with 4470-F(Y) dt.5.6.13 and 3626-F(Y) dt. 10.7.14, when such works are contemplated for execution through agencies other than works departments.

4.12.4. The salient features of the modalities of such works execution are as follows-

i. Non-Works department will enter into an Agreement/MOU with the selected PSU/ state autonomous body/ development authority, model of the format being given at Annexure-A of 1240-F(Y) dt.18.2.13 as modified by 4470-F(Y) dt.5.6.13.

ii. Agreement / MOU (Memorandum of Understanding) shall be executed after drawing, design and estimate of the work is prepared by the agency, and administrative approval and Technical sanction has been accorded by the competent authority.

ii. The selected PSU/autonomous body will prepare rough cost estimate and detailed estimate on the basis of the SOR of PWD and submit to the department for administrative approval and technical sanction.

iii. the department will ensure availability of fund before according administrative approval within its delegated power;

iv. tender process will be initiated for selection of the contractor by the agency entrusted with execution of the work, after administrative approval and technical sanction.

v. L1 rate received in response to the tender will be recommended and reported by the agency to the department for acceptance and expenditure sanction;

vi. Once L1 rate is accepted, the department will proceed for financial sanction and release of fund within its delegated power.

vii. In case financial sanction happens to exceed the administrative approval amount, the department will take necessary action for revised administrative approval before financial sanction.

viii. Financial sanction will be accorded by the competent authority in lump, i.e., for the total project cost administratively approved and technically sanctioned.

ix. Administrative approval, Technical sanction and Financial Sanction will be accorded by the Administrative Department following the procedure laid down in rule 164, 165, 397, 397A of West Bengal Financial Rules, Vol-I as amended and Delegation of Financial Power Rules as amended by Finance Department.

x. The project execution will be regulated under the terms and conditions of the Agreement/ MOU between the employing non-works department and the selected PSU/autonomous body/Development Authority etc.

xi. Payment to the agency will be at such interval following the progress of work as agreed in the contract / MOU executed with the agency by the department.

xii. The agency will execute the work/project by engagement of contractors to be selected through tender process;

xiii. The agreement to be entered into between the agency and the contractor shall be in the same line as done in case of Public Works contract;

xiv. The agency PSU/ autonomous body will submit accounts for the fund received and utilised by them for the purpose of execution of the works to the employing Department;

xv. The accounts to be submitted will be prepared by the employed agency supported by all the contractors' vouchers in terms of the codal provisions under TR 4.222 of WBTR, 2005.

xvi. The non-works Department shall submit such accounts for drawal of fund and incurring the expenditure to the AG, WB, in the manner and within the time as prescribed under TR 4.223 of WBTR, 2005 after necessary checking and countersignature by the authorized officer.

xvii. Total cost of the works as ascertained from the accounts submitted by the employed agency and as checked and accepted by the employing Departmental authority shall be entered in the Asset Register as its value with full description of the asset created or value added to, as the case may be.

4.13. Technical Sanction

4.13.1. It is the formal approval of the Engineering authority to the detailed estimate of the project. Technical sanction or vetting can be given by the following authority-

a. In case of the projects/works undertaken by the works departments, by the engineering authority within his delegated power of such sanction;

b. In case of the projects / works undertaken by the non-works departments through the agencies listed in Annexure-C and Annexure-D under rule 47D, by the engineering authority parallel to such authority of works department within the power delegated to such engineering authority in the works department, provided there exists in the non-works department such engineering authority and technical wing.

c. In case of the projects/works undertaken by the non-works departments through the agencies listed in Annexure-C and Annexure-D under rule 47D, if the non-works department has no such competent engineering authority/technical wing, technical sanction will be accorded by the competent authority of PWD within his delegated power.

4.13.2. All the cases of estimated cost of and above Rs. 5 crore shall be technically sanctioned by the competent authority of PWD.

4.14. 13th / 14th Finance Commission Grant

4.14.1. **Where Action Plan / Working Plan has been approved by the High Level Monitoring Committee (HLMC)**

No further administrative approval is necessary to the projects subject to the condition that copy of the HLMC meeting proceedings have been received from Finance Department.

4.14.2. **Where Action Plan / Working Plan need not be approved by the HLMC**

Administrative approval to the projects will be given by the Financial Advisor / Departmental Approval Committee with the approval of the departmental Secretary

4.14.3. In both the cases mentioned above the Departmental Secretary can release central fund after obtaining credit verification from Finance Department.

4.14.4. In case of unspent balance of the previous year's grant for which credit verification was obtained from Finance Department in that year, further reference to FD is not necessary before releasing fund from current year's budget.

4.14.5. **While issuing order the following sentence should be added-**

"This order issues in exercise of powers delegated under Finance Department memo. no. 784-FB dt. 30.8.2013."

CHAPTER-V

Re-Appropriation of Funds under State Plan

5.1. Each Department is given a grant under a demand no. by appropriation from the Consolidated Fund of the State after it is passed in the legislature in case of the demand that needs to be put to vote. The amount covered by the Demand is intended to meet several items of expenditure indicated by the detailed heads under specific individual schemes indicated by the sub-heads. It is often required to vary the appropriations under the different sub-heads/ detailed heads according to the requirements during the year, without exceeding the total of the Grant/Demand.

5.2. This redistribution within the Grant/Demand is known as re-appropriation. It is guided by the provisions in rule 376 to 381 of WBFR, Vol-I. However, some **relaxation** has been authorised by Finance Department after introduction of the FA system. Power has been delegated to the departmental Financial Advisors to sanction re-appropriation of fund from one head to another as detailed below-

i. From One Revenue head to another Revenue head within the same Demand / Grant;

ii. From one capital head to another capital head within the same Demand / Grant;

iii. From one non-salary head to 'salary' head (detailed head 01);

iv. From 'salary' head (01) to 'wages' head (02);

v. From 'other office expense' head (13-04) to other heads;

vi. From '31-Grant-in-aid-02-ther grants' head to '35-Grants for creation of Capital Assets';

5.3. Re-appropriation is **not permissible** in the following cases-

i. Out of vote-on-Account grant;

ii. After 10th March for Budget provision of that FY;

iii. From Revenue head to Capital head;

iv. From 'Voted' to 'Charged' and vice versa;

v. From 'Plan' head to 'Non-Plan' head and vice versa;

vi. In any Loan head (major head 6000 and above);

vii. In the object head of 'Investment' (code 54);

viii. In the object head of 'Subsidies' (code 33);

ix. From other heads to '31-grant-in-aid/02-other grants' or to '35-Grants for creation of Capital Assets';

x. In any head under which no budget provision exists; or, in any newly opened head which is not shown in budget publication;

xi. From 'salary' head to non-salary head;

xii. From any other head to 'other office expense' head (code 13-04);

   a. in any head of account against which central assistance is available;

   b. from Finance Commission Grant head to other heads of accounts;

c. from any earmarked scheme head to other heads;

xiii. Re-appropriation to the head of account from which re-appropriation was earlier made to other heads;

xiv. Re-appropriation from the head of account where fund has been provided by augmentation.

5.4. The power of sanctioning re-appropriation is delegated subject to the following conditions-

i. Re-appropriation is permissible only after full budget is passed in the Legislature;

ii. Re-appropriation power should not be exercised to avoid saving or lapse of fund under a head;

Explanation – Re-appropriation in exercise of the delegated power should be driven by genuine need of fund under a head, in which case the foreseeable saving under some other head can be re-appropriated to the head where the fund is needed, provided that placement of fund under the latter head is otherwise permissible.

iii. The head to which fund is provided by re-appropriation should not lead to any saving there;

iv. The re-appropriation should be within the overall budgetary allocation under the demand/grant of the concerned department, i.e., it should not result in exceeding the available budgetary grant as a whole on the date of re-appropriation;

v. Each department can re-appropriate within its own demand/grant identifiable by the departmental code attached to the demand/grant;

vi. Re-appropriation of fund is not permissible to meet expenditure related to any unapproved scheme/project, unapproved recurring liability, unauthorized employment, any new service and unsanctioned new post;

vii. Re-appropriation should be in multiples of Rs. 1000/- only;

viii. Re-appropriation sanctioning memo should be generated from "online re-appropriation system" with system generated sanctioning memo number and copy should be sent to AGWB and Finance (Budget) Department.

5.5. All other cases of re-appropriation, i.e., where power has not been delegated, should be sent to Finance Department, Group-N by the Administrative department through their administrative group for necessary approval and sanction.

5.6. On-line Re-appropriation

The re-appropriation of fund has been decentralised to the Administrative Heads of the departments through "**On-line Re-appropriation System**" under e-Bantan of IFMS which is log-in/password protected. The departmental FA may re-appropriate fund under the Grant/Demand of the concerned Department with approval of the departmental Secretary under U.O. no., to be issued by the FA. In case of the departments where FA system is yet to be introduced, an officer of the rank of Joint Secretary will do the job of re-appropriation through the system. However, this decentralisation is subject to the conditions mentioned above.

CHAPTER-VI

Communication of Sanction & Allotment

6.1. Communication of financial sanction

6.1.1. Orders on financial sanctions which require the prior approval of the Finance Department may be issued by the department concerned direct to the Accountant-General, West Bengal. The draft sanction order should be shown to the Finance Department before issue as may be considered necessary by the department concerned. A sentence to the following effect should be included in such orders:

"This order /memo / letter issues with the concurrence of the Finance Department / Financial Adviser, vide Unofficial No. ————————Dated ————".

A copy of each such order of financial sanction issued to the Accountant- General, West Bengal, should be endorsed to the Finance (Budget) Department and also to the Financial Adviser where concerned.

Apart from the usual issue number of the department, every such order issued by the same department should bear a running serial number for the purpose of budget control.

6.1.2. **Communication for allotment and sanction through E-Bantan of IFMS**

Communication of sanction and allotment of fund is made in terms of Rule 374 of WBFR, Vol-I read with Appendix-21 of WBFR, Vol-II which has since been amended vide FD notification no. 2863-F(Y) dt.2.6.14. After introduction of e-bantan (online allotment through IFMS), allotment of fund and sanction should be communicated using the electronically generated memos only.

6.1.3. **Variation in schemes requiring concurrence of the Finance Department**

Whenever in any sanctioned scheme either in the plan or in the non-plan sector any variation is needed or intended in regard to the sanctioned scale of expenditure, norms relating to the details of the scheme or the staffing pattern, it will be necessary for the department concerned to obtain the concurrence of the Finance Department before making any departure from the schemes as already sanctioned.

6.1.4. **Variation in schemes in which concurrence of the Finance Department may not be necessary**

Whenever in relation to any sanctioned scheme either in the plan or in the non-plan sector any modification is found necessary within the sanctioned and budgeted amount without altering the approved norms and pattern of the scheme for the purpose of better utilisation of funds, the Secretary of the department concerned may make the necessary modification to the schemes without a reference to the Finance Department or to any other authority unless there is a pre-existing stipulation that no variation should be made except with the approval of the Finance Department or any other specified authority. In each such case, a copy of the order modifying the scheme should be endorsed to the Finance Department and in respect of the planned schemes to the Planning Department as well for information and record.

CHAPTER-VII

Procurement and Auction

7.1 Procurement

7.1.1. The procurement policy and procedure

Procurement-related detailed process, reservation policy, preferential purchase, works-related procurement etc., are prescribed in Rules 47A, 47B, 47C, and 47D of WBFR, Vol-I.

7.1.2. Salient features of the procurement rules are as follows

i. Materials / service valued upto Rs. 10,000/- can be procured from open market directly.

ii. Materials / service valued exceeding Rs. 10,000/- but within Rs. 1 lakh can be procured through four to five quotations from manufacturers / dealers.

iii. Open tender process should be adopted for procurements valued exceeding Rs.1 lakh.

iv. Procurements of and above Rs. 5 lakhs should be done only through e-tender procedure in the State Government e-tender portal of https://wbtenders.gov.in.

v. Procurements valued at more than Rs. 10 lakh and also in case of plant and machinery of complex nature Two-bid system of procurement should be adopted.

vi. As a general rule, at least three valid bids are necessary for procurement.

7.1.3. Existing reservation policy in procurement-

i. All registered micro and small scale manufacturing units of the state are given 15% price preference over SSI units outside the state as well as medium and large scale units subject to the condition that the ISI standard should be maintained by the SSI units. [Rule 47A(1)].

ii. 45 items of materials are reserved for procurement from registered SSI units only. The supplier SSI unit to be selected through tender process. [Rule 47B(2) and Annexure-B below Rule 47B]

iii. All registered SSI units are exempted from furnishing EMD and Security deposit [Rule 47B(7)]

iv. Medium and large scale manufacturing units within the state are given purchase preference vis-a-vis such units and SSI units outside the state by giving the state-based units 10% price preference over the L1 price to bring them within the zone of consideration and then offering them to supply at the L1 price. [Rule 47A(2)(b)]

v. Some materials listed in Annexure-A under rule 47B are reserved for procurement from West Bengal Small Industries Development Corporation, West Bengal Khadi and Village Industries Board, West Bengal State Handloom Weavers' Cooperative Society Limited (TANTUJA), West Bengal Handicrafts Development Corporation, West Bengal State Handicrafts Co-operative Society, West Bengal Comprehensive Area Development Corporation and Central Engineering Organisation, Dasnagar, Howrah. These units will fix their price after allowing 10% profit margin.

7.1.4. A new feature has been introduced in the purchase procedure by inserting rule 47D which gives scope to the non-works department to execute works through state and central PSU's and Development Authorities enlisted in Annexure 'C' and Annexure 'D' of the rule against agency fee upto the maximum admissible amount of 8.5% of the estimated cost prepared on the PWD schedule of rates. For details please see Chapter-III [para 3.14].

7.1.5. **Tender notice**

7.1.5.1 Notice for open tender will be published according to the following norms-

i. For procurements valued exceeding Rs.10,000 upto Rs. 1 lakh-
publication in the office notice board and departmental website;

ii. For procurements exceeding Rs. 1 lakh upto Rs. 5 lakh – publication in the office notice board, departmental website and advertisement in one Bengali newspaper, in case of hill areas of Darjeeling distt in one Nepali newspaper;

iii. For procurements exceeding Rs. 5 lakh upto Rs.10 lakh - publication in the office notice board, departmental website, e-tender portal https://wbtenders.gov.in and advertisement in two daily newspapers out of which one Bengali newspaper, (in case of hill areas of Darjeeling distt in one Nepali newspaper) and the other in English;

iv. For procurements exceeding Rs.10 lakh – publication in the office notice board, departmental website, e-tender portal https://wbtenders.gov.in and advertisement in three daily newspapers out of which one each in Bengali (or Nepali for Darjeeling hill areas), Hindi and English newspaper;

[note 2 below Rule 47(8) of WBFR, VOL-I as amended vide FD notification no. 5400-F(Y) dt. 25.6.12]

7.1.5.2 **Minimum Period of time for submission of tender** –

i. For procurements not exceeding Rs. 10 lakh - 7 days from NIT publication date;

ii. For procurements exceeding Rs. 10 lakh upto Rs. 1 crore- 14 days from NIT publication date;

iii. For procurements not exceeding Rs. 1 crore – 21 days from NIT publication date.

[note 3 below Rule 47(8) of WBFR, VOL-I as amended vide FD notification no. 5400-F(Y) dt. 25.6.12]

7.1.5.3 **Procurement through other than open tender**

Provision has been made for procurement through Limited tender Enquiry from a limited number of suppliers up to the value of Rs. 10 lakh and also from a single source in case of urgency / emergency, subject to the following conditions -

7.1.5.4 **Limited Tender Enquiry (LTI)**

The Departmental Secretary certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The nature of urgency and reasons why the procurement could not be anticipated earlier should be put on record.

i. There are sufficient reasons, to be recorded in writing by the Financial Advisor and concurred by the Departmental Secretary, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.

ii. Sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped is remote.

7.1.5.5 **Single Source procurement**

i. In case of emergency procurement from single source the following certificates need to be furnished-

(a) circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part;

(b) there is an urgent need for the goods making it impractical to use other methods of procurement because of the following emergent situation-

- ✓ natural calamities at…………………., or
- ✓ ……………………………………………..(specify).

(c) Comments of the Departmental Financial Advisor................

ii. in case of proprietary items the following certificates should be furnished-

(a) The materials / equipments are manufactured by M/s. ……………… only

(b) No other make or model is acceptable for the following reasons …………

(c) Comments of Departmental Financial Advisor....................................

iii. In single source procurement, concurrence of the administrative group concerned and Group 'T' of Finance Department will be necessary.

7.1.7. **e-tender**

7.1.6.1 Tender is mandatory for procurements valued at and above Rs. 5 lakh. The e-tender should be processed only through the state Government e-tender portal of https://wbtenders.gov.in. Collection of tender fee from the prospective bidders for e-tender through https://wbtenders.gov.in has been waived vide FD order no. 1177-F(Y) dt.28.2.14. Hard copy of EMD document will be submitted by the selected bidder only with their acceptance Letter of LOI (Letter of Intent). In case of EMD deposited to the Government account through online monetary transaction, the bidder will be asked to submit GRIPS challan as documentary evidence in support of the EMD.

7.1.6.2 In case of procurement only L1 (lowest) bid will be accepted.

7.1.6.3 In case of receipt of less than 3 response the matter of finalization has been prescribed in FD memo. No. 9754-F(Y) dt.3.12.12. The minimum number of tender response will be equally applicable in both the technical evaluation and financial evaluation in case of two-bid system of tendering.

7.1.6.4 The detailed procedure of collection of on-line EMD is laid down in 1526-F(Y) dt.18.3.2014 read with 3667-F(Y) dt. 14.7.14;

7.1.6.5 At present e-payment integration related to e-tender has been done only with internet banking of SBI and NEFT/RTGS mode of payment through SBI facility only; process of integration with ICICI payment gateway is going on.

7.1.6.6 Departmental Financial Advisor will ensure submission of the following **certificate** on compliance with the e-tender norms of the state Government for procurements by companies, corporations, local bodies and parastatals before release of fund with effect from 1.9.14 [FD memo. No.4143-F(Y) dt.11.8.14].

"Certified that the e-tender norms of the State Government as specified in Finance Department memo. nos. 3060-F(Y) dt.11.6.2014 and 3112-F(Y) dt.13.6.2014 are being followed by the organisation for its procurements".

7.1.7. **e-auction**

Sale of materials and assets of the State Government may be undertaken through e-auction process available at e-auction.gov.in being linked to the Finance Department portal, www.wbfin.nic.in. In case of auction, the highest (H1) bid should be accepted. The selected bidder should be allowed to lift the sold materials only after payment of the accepted bid price in full. The norms of EMD are applicable in case of auction too like tender. The following pre-requisites should be ensured before going for auction / e-auction-

i. identification of materials and assets to be sold by auction with approval of the competent authority of the department- please see rule 8 of App.13 of WBFR, Vol-II;

ii. materials may be clubbed lot-wise, each lot consisting of a more or less uniform standard or unit of materials;

iii. fixation of the lot-wise reserve price of the materials and assets to be auctioned;

iv. agency may be engaged for valuation, if necessary - rule 9 of App.13 of WBFR, Vol-II;

v. obtaining DSC;

vi. identifying the responsible official / team of responsible officials who will manage the e-auction process beginning with floating of NIA (notice inviting auction) and ending with issuing AOC (Award of Contract);

vii. provision of collection of Security deposit (SD) should be made in the NIA;

viii. collection of SD should be ensured before issuing AOC;

ix. materials and assets to be auctioned should be kept at a location accessible to the prospective bidders and should be kept separate from other materials and assets not to be sold;

x. inventory of the materials and assets to be sold should be discreetly maintained in the stores ledger /asset register;

xi. names of the participating bidders in the e-auction should be hidden while auction bidding continues, i.e., until the auction closes;

xii. technically qualified bidders need to be registered beforehand with the authority inviting NIA;

xiii. the same terms and conditions for publication of NIT as given in rule 47(8) and notes thereunder of WBFR, Vol-I will apply in case of NIA too;

xiv. only pre-qualified bidders should be allowed to participate in e-auction;

xv. lifting of the materials and movable assets from the site should be responsibility of the selected bidder.

7.2 Digital Signature Certificates (DSC)

Digital Signature Certificate is mandatory for uploading of e-tender documents, as well as management of bid process. Consequent upon discontinuance of issue of DSC by the certifying authority of NIC, the state Government took steps for selection of Digital Signature Certifying authority out of the licensed Certifying authorities of Controller of Certifying Authority (CCA) of GOI, through e-tender process. E-Mudhra, a licensed certifying authority of the CCA, GOI, has been selected by the state Government for the purpose of procurement of DSC with USB token (dongle). Accordingly memo. No. 5531-F(Y) dt.5.11.2014 and 6100-F(Y) dt.3.12.2014 were issued from Finance Department prescribing the procedure of procurement of the DSC.

The class-2 DSC will work both for e-tender and for e-Pradan of IFMS which has been dealt with separately below.

CHAPTER-VIII

Management of Government fund through Bank Account

8.1. On-line receipt of Government revenue has been introduced through Government Receipts Portal System (GRIPS) portal of the state Government in which the payer may make the payment sitting at his place by accessing the portal through internet and the end process of which is deposit of the receipt in the Government revenue under appropriate receipt head, accounting for the receipt and generation of the accounts through the system in the on-line treasury at DTA; no. 8298-F(Y) dt.3.10.12 &10578-F(Y) dt.28.12.12.Correction of error in the head of account for on-line deposit of the commercial tax revenue has been simplified through CCT , FD (Revenue) and DTA on-line Treasury interface, which acts as a single-window grievance redressal mechanism for the commercial tax payers.

8.2. Permission is given by Finance Department to other administrative departments to open bank accounts to deposit Government money before disbursement to the payees on case to case basis judging the necessity. However, whenever such permission is given it is subject to observance by the line departments of the terms and conditions specified in order no. 675-F dt.22.1.2008.

8.3. In order to prevent fraudulent drawal of Government money kept in bank accounts the following guidelines have been issued by Finance Department vide FD memo. No. 585-F(Y) dt.21.1.13 in addition to those issued under memo. No 675-F.

8.4. Bank account-wise consolidated plus-minus report prepared in the manner prescribed in item 7 of memo. No. 675-F dt.22.01.2008 should be submitted at the quarterly interval;

8.5. Fund allowed to be deposited in the bank account should not be kept in Fixed Deposit at the bank, and should be utilized in the manner suggested in the scheme / project guideline for the purpose for which it was sanctioned as early as possible;

8.6. Reconciliation of the balance of the bank account should be made on quarterly basis as suggested at item 12 of the memo no. 675-F dt.22.01.2008.

8.7. Departmental Controlling Officers and officers operating bank accounts at the Government Departments, Directorates, Regional and District Offices, Companies, Corporation, Autonomous/Statutory/Local Bodies should exercise prudence while depositing money in the bank account or fixed deposit and be cautious enough not to be carried away by unreasonably high rate of interest, however alluring the rate may be. Simultaneously, the cheque signing authorities should exercise caution while enfacing cheques with the payee's name and the amount both in words and figures.

8.8. Space, if any, in a cheque before and after the name of the Payee, amount in words and figures should be scored through by drawing a straight horizontal line before signing the cheque in order to eliminate any scope of interpolation in the blank space;

8.9. For opening a bank account or investment in Fixed Deposit the officer designated/authorised to operate the account should personally visit the bank for the purpose without taking any help of any agent/third party.

8.10. Similarly, for investment in fixed deposit/time deposit of a bank / Financial institution which is usually done by the Government Companies, Corporation, Autonomous and Statutory Bodies, the officer responsible to invest the fund should personally visit the bank/financial institution for the purpose without the help of any agent/third party.

8.11. Verification and reconciliation of the balances of the bank accounts including fixed deposit, if any, should be done at the earliest and once in a month through personal visit to the bank by a responsible officer of the Department, Directorate, or the concerned office / organization / autonomous body, as the case may be, for which the bank account is operated. A report on such verification and reconciliation should be submitted to the Departmental Secretary every month. Any case of discrepancy should be brought to the immediate notice of the Departmental Secretary and Principal Secretary, Finance Department.

8.12. Help should be taken of the net banking facility, where available, by the controlling officer of the department or office operating the bank account to keep tab on the transaction recorded in the account statement and the available balance.

CHAPTER- IX

Important provisions of West Bengal Financial Rules (WBFR)

9.1. Permanent Imprest / Permanent Advance

It is sanctioned in favour of a Drawing and Disbursing officer to enable him to meet the immediate need of cash for day to day business of the office. Money spent out of permanent imprest needs to be recouped by submission of recoupment bill to the Treasury/PAO by the DDO as many times as possible in a month, provided necessary budgetary provision is available. First permanent imprest is drawn by submission of bill in TR form no. 31 u/h "8672-Permanent Cash Imprest-00-101-Civil- (mention code allotted for the Department/ office)-10-Payments". Recoupment bills will be drawn in TR form no. 25/26 under the establishment head of the office. ***[See Rule 88 of WBFR, Vol-I as amended by FD memo no. 4420-F dt.19.4.1988; 10146(80)-F dt. 17.11.99 and 7142(75)-F dt. 19.09.06].***

9.2. Sanction of expenditure

If it is mentioned in the sanction that the expenditure should be met out of the budgetary provisions of a specific Financial Year, the sanction will lapse with the expiry of the specified Financial year. ***(see Rule 401 of WBFR, Vol-I).***

9.3. Reconciliation of the departmental accounts- Rule 385 enjoins reconciliation by the departmental controlling officer of the expenditure made by the DDO's by drawal of fund from the treasury/PAO with the related figures booked by the AGWB. ***(see Rule 385 read with App-21 of WBFR).***

9.4. Sanction related to construction works- Administrative approval to an estimate of civil work remains valid for five years from the year of such approval, if the concerned work cannot be commenced in the year of approval. Expenditure can be sanctioned and related fund can be released in a phased manner over a maximum period of five years from the year of administrative approval, depending upon availability of fund in the budget. ***(see Rule 402 of WBFR).***

9.5. Rush of expenditure at the end of the FY- this should be avoided. It may be kept in mind that fund is allotted and sanction is accorded only for the purpose of incurring those expenditures which are absolutely necessary within the FY. Unnecessary expenditure should not be incurred for the purpose of avoiding surrender of fund. ***(Rule 389A of WBFR).***

9.6. Allotment of fund as a precondition of expenditure- expenditure cannot be incurred in absence of allotment of fund under the appropriate head of account. DDO concerned will be held responsible for any excess expenditure over and above the allotment of fund unless any relaxation is made by order of Finance Department. ***(see Rule 387 of WBFR).***

CHAPTER –X

Important provisions of West Bengal Treasuries Rules (WBTR)

10.1. Drawing and Disbursing Officer (DDO)

10.1.1. Only a Group-A Government Officer can be declared as a DDO of Government office with concurrence of Finance Department. [TR 1.04(O)].

10.1.2. In case of a newly created office the concerned administrative department has to declare one Government employee as DDO in terms of TR 1.04 (O) with concurrence of Finance Department.

10.1.3. The concerned Administrative Department with concurrence of Finance department only can change a DDO on permanent basis. [TR 4.028 (2)]

10.1.4. In case of newly established office, after DDO has been declared by the concerned administrative department, four sets of signatures of DDO/ Countersigning Officer shall be sent to AG (Accounts & Entitlement), WB along with the order in which the officer is declared as DDO and the order creating the establishment. On receipt of the Authority from AG (A&E), WB the DTA shall issue a DDO Code and concerned DDO, AG(A&E) and Treasury would be intimated accordingly. (TR 4.019).

10.1.5. Once one officer is declared as DDO of an establishment, his/her DDO-ship will continue until it is changed in terms of the provisions of TR. 4.028. However, the DDO-ship will automatically transfer from one officer to another officer, i.e., from the relieved officer to the relieving officer, if such change is due to transfer/retirement of the officer acting as DDO.

10.2. Receipt of Government Revenue

10.2.1. All moneys received by or tendered to Government employees on account of Revenues of the State, all loans raised by the Government, all moneys received by Government in repayment of loan and all moneys received for deposit in the custody of the of the Government shall, *without undue delay*, be paid in full into the Treasury linked Bank or any other Bank authorized by the Finance Department and be included in the Government Account. The expression "without undue delay" implies that the money should in general circumstances be deposited in to the Bank within the next working day. [T.R. 3.01] . TR Form No. 7 is to be used for tendering money to the Bank.

10.2.2. Appropriation of departmental receipts for departmental expenditure cannot be made except in cases specifically provided in TR 3.03.

10.2.3. Government has made arrangement for receipt of Tax and Non-Tax Revenues and Deposits through Online GRIPS portal. All departments have to make arrangements for receipt of tax and non-tax revenues under all HoA through Online GRIPS portal.

10.3. Withdrawal of Fund from Treasury / PAO

10.3.1. Money can be withdrawn from the Treasury / PAO by one DDO complying with the various provisions of WBTR by submission of claim in appropriate TR Form depending upon the nature of the claim;

10.3.2. One DDO can draw fund from only one Treasury / PAO to which he/she is attached;

10.3.3. Treasury / PAO normally delivers cheque to the DDO against bill submitted, if the bill has a net claim;

10.3.4. Bill Register needs to be periodically checked with reference to the BTR by the DDO to know the latest position of the bills submitted to the Treasury/PAO. In case of any inordinate delay in getting cheque / advice from the Treasury / PAO, the DDO needs to personally contact the Treasury officer / PAO to verify the latest position of the bill.

10.3.5. No bill can be submitted to the Treasury / PAO without allotment of fund under the head of account to which the claim pertains, unless covered under any relaxation order issued from FD from time to time;

10.3.6. Bill can be submitted to the treasury / PAO for drawal of fund within the delegated power of the DDO/ Head of office; in absence of such financial power expenditure needs to be sanctioned by the appropriate authority before submission of the claim in the Treasury / PAO.

10.3.7. Bills related to contingency expenditure normally need to be submitted to the treasury with supporting vouchers exceeding Rs.500/-.

10.3.8. e-pradan (E-payment) module of IFMS is in the process of introduction in the Treasuries / PAO's. Under this system, payment against any bill to be submitted to the Treasury / PAO will be made by direct credit to the bank account of the beneficiary / payee.

10.3.9. The DDO will enter all Govt. receipts including receipt from the treasury and payment made out of that money in a General Cash Book to be maintained for the purpose in his office;

10.3.10. Cash balance as per the Cash Book should be verified with physical cash at the end of the day by the DDO and signed by him.

10.4. Advance and its Adjustment

10.4.1. Advance can be drawn from the Treasury / PAO in Abstract Contingency bill form only if such advance is sanctioned by Finance Department in terms of TR 4.138. In such cases of advance drawal, Detailed Contingency bill needs to be submitted to the Treasury/PAO from where the advance was drawn, for adjustment of the advance within the stipulated time prescribed in the said rule.

10.4.2. A Statement of Outstanding Advances in respect of each quarter shall be submitted by the DDO to the Controlling Officer, Finance Department and the Treasury Officer within 10 days from the end of the quarter.

10.5. Civil Deposit

10.5.1. Earnest money / Security Deposit money can be deposited in the Government account in the treasury link bank under head "8443-Civil-00-103-Earnest money/SD" by the depositor following the procedure prescribed in TR 6.10 and TR 6.11 of WBTR. In such cases, the money can be refunded to the depositor by the officer in whose favour the money was deposited following the procedure prescribed in TR 6.12 to TR 6.15.

10.5.2. In case of personal deposit account / PFD account maintained in the Treasury / PAO, the pass book given by the treasury needs to be updated periodically by submission of the pass book to the Treasury/PAO by the operator the account.

10.5.3. The balance in the pass book needs to be verified with the cash book balance of the respective PD/PFD account, maintained by the operator / DDO and a certificate to this effect along with reconciliation statement for any discrepancy between the cash book and the pass book balance of the account needs to be submitted to the Treasury/ PAO when the pass book is submitted for update.

10.6. Refund of Revenue

Money credited to the Government revenue receipt head cannot be refunded unless sanctioned by the administrative department with concurrence of Finance Department in terms of TR 4.199 to TR 4.203 of WBTR.

CHAPTER-XI

Public-Private Partnership

11.1. What is PPP?

PPP mode of execution of projects is a way of sharing with the private sector the responsibility of timely delivery of quality service to the public or citizens by creating a win-win situation for both the private sector and the public or Government sector, utilising private finance and public assets or any permutation and combination of these resources to build infrastructure for the greater interest of the citizens. Private sector gets a satisfactory rate of return on their investment and the Government put the public asset in the best possible use. The steps already taken by the state Government for PPP mode of execution of infrastructure projects are as follows:-

11.1.1. PPP policy resolution adopted vide no. 5266-F(H) dt. 21.6.2012.

11.1.2. Finance Department declared as the nodal department to oversee and provide support to PPP projects implementation by the State Government departments vide FD Notification no. 5267-F(H) dt. 21.6.2012;

11.1.3. A PPP cell has been formed in Budget Branch of Finance Department for the purpose vide FD Notification no. 6523-F(H) dt. 27.7.2012 with Finance Secretary as the Nodal officer to be assisted by various knowledge experts relevant for PPP project;

11.1.4. ECOS (Empowered Committee of Secretaries) formed vide FD notification no. 6524-F(H) dt. 27.7.2012;

11.1.5. PPP projects cleared by Finance Department are to be placed before the Standing Committee of the Cabinet on Industry, Infrastructure and Employment for approval if the project value exceeds Rs. 50 crore.

11.1.6. Legal advisory service for PPP to be provided by the TA selected for DPR and procurement related service for the project;

11.1.7. Full financial power delegated to the departmental secretaries of administrative departments for engagement of TA's for PPP projects in case of such selection from the FD panel of TA's vide FD memo no. 8384-F(Y) dt.22.11.2013; and upto Rs. 10 lakh as consultancy fee per TA if selected by the department from open market following the guideline issued vide FD memo. No. 8385-F(Y) dt.22.11.2013.

11.2. PPP framework

There are several models of PPP. Some of the frequently used models are as follows:-

i. Build Operate and Transfer (BOT)

ii. Build-Own-Operate-and-Transfer (BOOT)

iii. Build-and-Transfer (BT)

iv. Build-Own-and-Operate (BOO)

v. Build-Lease-and-Transfer (BLT)

vi. Build-Transfer-and-Operate (BTO)

vii. Design Built Finance Operate (DBFO)

viii. Contract-Add-and-Operate(CAO)

ix. Develop-Operate-and-Transfer(DOT)

11.3. Transaction advisors (TA) for PPP

In order to assist the State Government departments to identify projects that are apt for implementation under PPP mode and also help them in the procurement processes one Sector-specific panel of Transaction Advisors for eight sectors of infrastructure was prepared by Finance Department through open tender process and issued vide FD notification no. FS-116 (PPP Cell)/2012 dt. 10.9.2012. The method of selection of the TA by inviting financial bid from those on the FD Panel has also been prescribed by the Finance Department vide memo no. 119/PPP-C dt. 4.10.2012.

11.4. The following further measures have been taken to speed up implementation of PPP projects vide FD memo. No. 8384-F(Y) dt.22.11.13 and 8385-F(Y) dt.22.11.13:

i. The mandatory requirement of three minimum qualified bids to render a bid process valid has been reduced to two minimum bids in case of selection of Transaction Advisor (TA) from the FD panel;

ii. Departmental secretaries have been delegated the full financial power to sanction the professional fee of the Transaction advisor in case the TA is selected from the FD panel.

iii. TA's of FD panel may be utilized by the departments even for Disinvestment, exit from existing JV's / PPPs, and advisory service in case of projects which may not be PPP.

iv. Government Departments have been given the choice to select TA through open tender process if the FD panel of TA's is not suitable for the departmental project.

v. In case of consultants / TA engaged by a Government Department through open tender, the financial power upto Rs. 10 lakh for fees of each consultant has been delegated to the departmental secretary.

11.5. Since public assets are given out to the private partner on long term concession in PPP projects, the Net Present Value (NPV) of investment and its cost, NPV of revenue stream to be earned over the long term of concessional arrangement at the present borrowing rate, Internal Rate of Return (IRR) determination and comparing the IRR with the present borrowing rate are some of the tools which are harnessed to evaluate the feasibility of a PPP project. In case of prima facie absence of viability of a PPP project, there is a provision of bridging the viability gap through Viability Gap Fund (VGF).

CHAPTER-XII

Service and Pay

12.1. The following matters may be disposed of by the administrative departments without reference to Group-P1 or P2 of Finance Department [Refer FD memo. no. 1885-F(P) dt.2.3.12 & 3266-F(P) dt.18.4.12]-

i. Compliance of court orders where there is no scope to prefer appeal or appeal has failed. Opinion of Ld. L.R., W.B in such cases may be invariably taken. This does not include matters where creation of post, change of scale of pay, regularization of any type of service and appointment to any post are involved.

ii. Regularization of service due to unauthorized absence by granting leave within the ceiling as prescribed under the Rule. (Rule 34 of WBSR Part -1)

iii. Approval of Ticket Cancellation charge.

iv. Permission for tour or training in foreign countries where there is no financial implication upon the State Government subject to approval of Chief Secretary and Hon'ble Chief Minister.

v. L.T.C. claims to be disposed of following existing G.O.s., viz. Finance Department Memo. no. 9924-F dated 07.12.2005 read with no.607-F dated 20.01.2006 and no.4367-F dated 13.06.2006.

vi. Extension of tenure of Part-time Sweepers / Water carriers as these are not against any sanctioned post and paid out of contingency as per F.D. Memo. No.8626-F dated 07.09.2009.

vii. Renewal of special allowance or additional remuneration for operating photocopier machines, duplicating machines. The employees who are in receipt of such special allowances may continue, if they are entrusted with the jobs by specific orders of the Admn. Deptt. Such drawal is subject to the condition that the machine is functioning.

viii. Admissibility of CAS, MCAS unless it involves counting of past ad-hoc service or appointment in other posts.

ix. Reconstruction of Service Book, when the original one is lost. This may be done under the order of the Head of the Administrative Department following the procedure laid down under Section IV of Appendix 7 of WBSR Part – I.

x. **Proposal for re-employment after retirement**

Proposal regarding re-employment of retired employees belonging to Group-A will be referred to P & AR Department following the guidelines laid down under that Department memo. No. 180-PAR(Gene) dt.30.01.2012. In respect of Group B, C & D such proposal will be sent to Finance Department in generic form.

xi. Matters relating to promotional disputes, if the same does not involve creation of posts. (Recruitment rules for the promotion post and existing norms of promotion should be strictly followed).

xii. Matters relating to deputation within the State Government may be settled by the Administrative Departments. The maximum period of deputation may be four years.

There will be no further extension and as such no reference is to be made to the Finance Department. Provision of F.D. Memo. No.9326-F dated 12.10.1979 and subsequent G.Os issued from time to time may be strictly followed.

xiii. Settlement / alteration of date of birth. The Departments may seek opinion of Ld. L.R., W.B. where necessary. Provisions of F.D.Memo. no. 707-F(P) dated 24.01.2012 should be strictly followed.

xiv. Retention of posts / service. Those may be sent to concerned Administrative Group of Finance Department. Counting of past service for pensionary benefit may also be settled in consultation with Pension Branch of the Department without making any reference to Group – P1 or P2.

xv. Permission for Study Leave up to two (2) years. The matters may be decided by the concerned authority under the provisions of Appendix 5 of WBSR Part I.

xvi. Besides the above, matters not related to pay and allowances / conditions of service of the employee should not be referred to Group – P1 or P2.

12.2. Administrative Departments may take decision in the following matters according to the provisions of extant rules and order, without making any reference to Finance Department :-

i. Conversion of temporary posts sanctioned on regular basis in permanent establishments continuing for more than three years into permanent one by the Administrative Department following the provision of Finance Department Memo. No. 6059-F dt. 25.06.1979. Periodical yearly retention of such posts continuing for less than three years in such establishments may also be decided by the Administrative Department.

ii. Retention of temporary posts created for time bound projects / schemes or sanctioned to be filled up on contract basis for the said purpose may be retained by the Administrative Department upto the originally sanctioned period of the concerned projects / schemes. In case retention is felt necessary beyond the said period due to extension of the project / scheme consultation with the Finance Department will be obligatory.

iii. Extension of lien under clause (iv) of Note 2 below Rule 19 of WBSR Part – I, no further extension beyond the period of three years shall be allowed.

iv. Post-facto permission for acquisition / disposal of immovable property by an employee. The matters may be disposed of under Clause (2) of Rule 5 of the WBS (Duties, Rights, and obligations) Rules, 1980.

v. Cases regarding grant of Child Care Leave under Finance Department Memo. No. 1364-F(P) dt.15.02.2012.

vi. As per rule 34(A) of WBSR Part-I resignation tendered by an employee cannot be withdrawn after the date from which the same is to take effect. The resignation becomes irrevocable and operative after the aforesaid date of resignation, irrespective of the fact whether it has been accepted formally or not. So question of withdrawal of the same and taking back such employee in service does not arise at all. Therefore, such matter should not be referred to Finance Department.

12.3. The files which are necessary for reference to Finance Department should be sent mentioning specific points of reference and with the approval of the Secretary / Principal Secretary / Additional Chief Secretary of the Department.

12.4. In case of files relating to creation of posts and filling up of vacant posts the same must be sent in the proforma given in the **ANNEXURE-I** which was circulated under this Department Memo. No. 1488-F(P) dated 20.02.2012, after having approval of the concerned Hon'ble Minister-in-Charge of that Department.

12.5. Detailment / Deployment of surplus manpower from Local Fund and different entities

This is guided by the provisions in Finance Department Nos. 3161-F(P) dt. 17.06.2014 and 3322-F(P) dt. 27.04.2015 synopsis of which are as follows :-

A. Deployment or detailment of person employed under Local Fund either administered or not administered by Government-

i. Such persons may be deployed or detailed in any Government office or under any other Local Fund Authority administered by Government if, he is employed in any Local Fund administered by Government. In case he is employed in any Local Fund not administered by Government then such detailment/deployment may be made in any Local Fund not administered by Government or in any Government office.

ii. In both the cases the State Government will decide the matter in consultation with the concerned Local Fund Authority.

iii. During such deployment or detailment all the terms and conditions of service shall remain with such Local Fund Authority.

iv. The power to draw pay and allowances, to report on performance and to sanction of leave will be exercised by the concerned Head of Government office or the Local Fund Authority as the case may be.

v. In case of abolition or cessation of functioning of such Local Fund Authority, the Government may appoint an authority to continue the service matters of such persons till cessation of their service on retirement or otherwise.

B. Detailment or deployment of person employed in Company, Corporation, Undertaking etc. -

i. A person employed in such entity may be detailed or deployed in any Government office or any other entity. In case of such detailment or deployment the Government may consult the concerned authority of such entity.

ii. During such deployment or detailment all the terms and conditions of service shall remain with such entity.

iii. The power to draw pay and allowances, to report on performance and to sanction of leave will be exercised by the concerned Head of Government office or the concerned authority of the entity where he is deployed / detailed.

iv. In case of winding up or cessation of functioning of such entity, the Government may appoint an authority to continue the service matters of such persons till cessation of their service on retirement or otherwise.

C. In both the cases as mentioned in A and B the salary and other benefits will be restricted to pay and other allowance as admissible under the normal rules of the Government excepting the matters relating to West Bengal Health Scheme 2008, Group Insurance Scheme, Provident fund and retirement benefits which will be guided by the rules and regulations of the parent local fund or entity as the case may be.

D. Engagement of contractual employees and Casual/Piece rated/Daily rated workers

This will be guided by Finance Department No. 3967-F(P) dt. 01.08.2014, the synopsis of which is as follows:-

a) Contractual employees

Contract of such employees in the parent office will be terminated and thereafter fresh contract may be executed in the office where he is detailed or deployed on the condition that such engagement will not be regularized in future and the remuneration will also remain the same.

b) Casual/Piece-rated/Daily-rated workers

These type of workers may be engaged in any other entity, local fund or in any project, scheme or office on the same rate of consolidated remuneration.

E. Matters which shall invariably be referred to Finance Department

The following matters, *inter alia*, are to be sent invariably to the Finance Department-

i. Creation and filling up of posts.

ii. Change in scale of pay or that in pay or remuneration.

iii. Compliance of court orders where creation of post, change of scale of pay, payment of arrear or any other amount, regularization of any type of service and appointment to any posts are involved.

iv. Re-employment of Group B, C, D and contractual engagement.

v. Proposal for restructuring.

vi. Regularization of past service.

vii. Protection of pay.

viii. Foreign visit where financial implication upon the Government is involved excepting under LTC.

ix. Recruitment and service rules / regulations.

x. Regularization of leave beyond the admissible limit as provided in leave rules in WBSR, Part-I.

xi. Air travel, if the concerned employee is not entitled to the same.

xii. Change of Controlling authority and Head of office.

xiii. Enhancement of daily-wage and any sort of remuneration.

xiv. Setting up of new office/department.

xv. Bifurcation or amalgamation of department/directorate/office.

xvi. Extension of tenure of re-employment of Group B, C and D employees. (For contractual employees approval from concerned Administrative Group of Finance Department will be necessary.)

ANNEXURE-I

Sanctioned strength	Existing strength	In case of vacancy, date of occurrence	No. of posts proposed to be created	Job description of the post proposed to be created, if it is new and scale of pay	Justification for creation of addl. Posts if such category of posts are already there	No. of posts to be surrendered, if any, and its scale of pay	Concurrence of Finance Deptt. Obtained during current financial year for		Financial implication for 8(a) & 8(b)	Addl. Financial implication against col.(4)	Total financial implication col.(9) and col.(10)	Budget provision for salary	Upto date actual expendi-ture	If addl. Financial implication can be accommo dated within the Budget provision	Remarks, if any
							Creation	Filling up							
1	2	3	4	5	6	7	8(a)	8(b)	9	10	11	12	13	14	15

CHAPTER-XIII

Integrated Financial Management System (IFMS)

13.1. IFMS (Integrated Financial Management System)

IFMS is a **web-based Application** for better **Financial & Fiscal Management** of the State Government integrating the entire cycle of financial activities of all the Departments, Offices, Treasuries / Pay & Accounts Offices (PAO), Local Bodies / PRIs and Drawing & Disbursing Officers (DDOs). IFMS has integrated financial transactions beginning with allotment of fund to passing of bills by the Treasuries and Pay and Accounts offices and payment of the admissible claim by transfer credit directly to the bank account of the payees and beneficiaries.

13.2. Modules of IFMS

IFMS consists of a number of modules, such as **e-Bantan (Online fund allotment), e-pradan (Online payment for direct transfer to beneficiaries' bank accounts), e-Billing (Online bill preparation & submission by DDOs to Treasuries/ PAOs), HRMS (Human Resource Management System)** with **Comprehensive database to facilitate planning & management of all employees** integrated with web-based **Centralised Treasury System (CTS).**

13.2.1. E-Bantan

It is a system of online allotment of fund by the department to the various authorities down to the DDO's. Through the module the allotment once made is received by the DDO concerned and the Treasury / PAO without any loss of time. It is a web-based system which has considerably reduced the communication time of allotment of fund. There is no scope of non-receipt of allotment. Allotment reaches the DDO's and the concerned Treasuries/ PAOs to which the DDOs are mapped as soon as the fund is allotted online through the module. Similarly, there is provision in the system for withdrawal of fund out of the allotment made to a DDO if it is found surplus and the withdrawn fund can be re-allotted to the DDOs who need further fund. This withdrawal and re-allotment through the system will automatically communicate the Treasury/PAO mapped to the DDO's concerned.

13.2.2. E-Pradan

It is a system of online payment of claim by direct transfer of the fund to the beneficiary's/ payee's account from the Treasury / PAO. All payments are mandatory to be made through e-Pradan unless specifically exempted by Finance Department in writing.

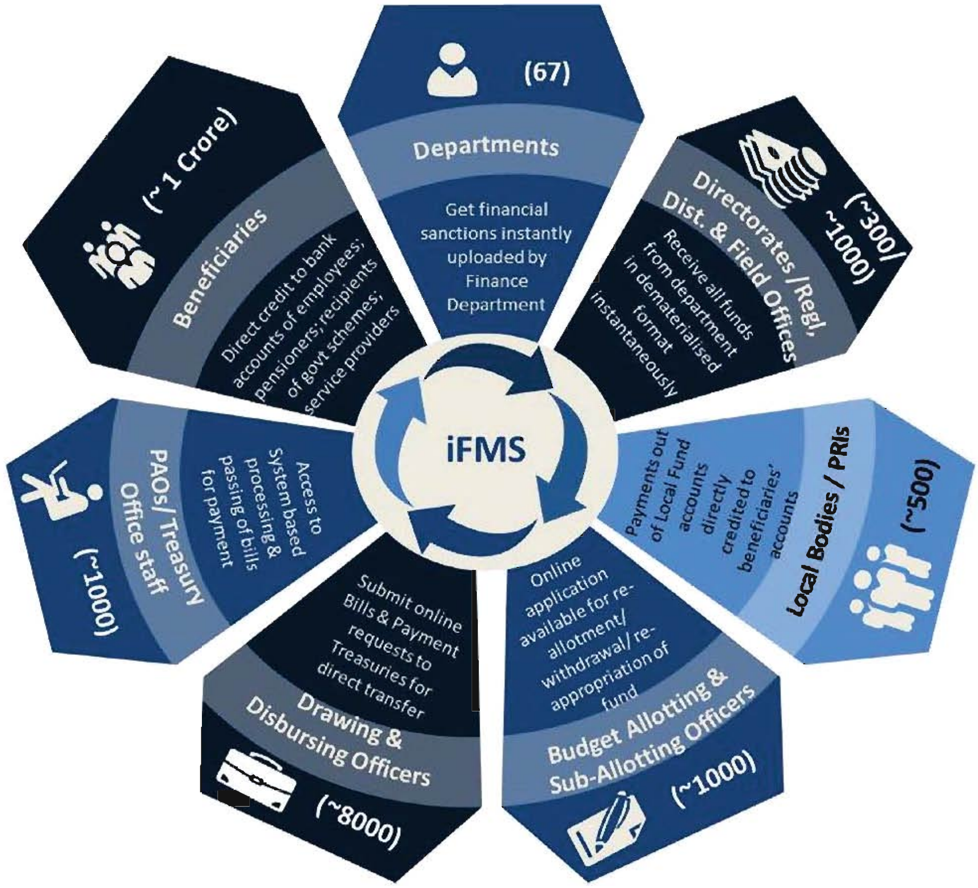
13.2.3. E-Billing

It is a system of generation and transmission of bills through online to the Treasury/PAO. Submission of all bills through e-Billing is mandatory.

13.2.4. HRMS (Human Resource Management system)

It is a system of management of employee-related data in synchronization with the other modules of IFMS. Pay Roll Processing has replaced preparation of Bills through COSA. All employee related activities like Leave Management, GPF, Retirement etc. shall be through sub-modules of HRMS only.

13.3. Key Stakeholders and Beneficiaries of IFMS



13.4. Pre-iFMS & Post-IFMS Scenario

Centralised Treasury System

Parameter	Pre-IFMS	Post-IFMS
Technology Platform in Treasuries	Non-uniform standalone platforms with different versions in each Treasury.	Running on uniform platform with uniform version.
Bill Receiving	Complete manual entry of bill details at Treasury. Time taken: 3-8 minute.	No need of details entry, capture by URN only. Time taken: less than 1 minute.
Mode of Payment	Manual cheque printing and deli very which used to be about 21 lakhs in numbers per year.	ECS mode of payment and mandate generation. Almost Nil Cheques. Instantaneous payment to bank A/C. Man hours savings: Approx. 3.50 lakhs per year.
Allotment Entry	Manual entry of Allotment orders in the DDO register. Average Time taken : 20 minutes.	No need of any allotment entry due to integration with e-Bantan. Time taken: Nil.

Parameter	Pre-IFMS	Post-IFMS
Scheduling of Payment & Pension	Scope of scheduling of Payment and Pension – limited, manual and dependent.	Guaranteed Scheduling of Payment and Pension.
Misplacement of cheques	Chances of expiry, loss and theft of cheques.	No such occurrence due to ECS payment.
Account Compilation	Manual entry of bank receipts and paid cheques individually. Time taken: More than 2 - 3 days.	No need of manual entry due to auto updating of scrolls on same transaction date.Time taken: Nil.
Probability of Error	There were chances of misclassi-fication of expenditure.	Elimination of the misclassification of expenditure.
Quality of information	Not possible for the authorities to know the exact expenditure.	Authorities can know the exact expenditure anytime enabling better fund management.
e-Bantan (Online Allotment)		
Time consumption	Time consuming fund flow process. DDOs used to receive G.O. but often fund could not be drawn as TOs copy was not available and vice versa. Time taken: 2-3 months.	Faster and instant fund flow process. Time taken: 0-3 days.
Probability of error	Chances of human error / duplication rampant.	Accurate and synchronous process with least manual intervention.
Withdrawal within allotted amount	Error prone manual fund withdrawal process leaving every scope to exceed budget or duplicate withdrawal.	Chance of error in budget withdrawal completely eliminated.
SMS / email facility	Earlier the Recipient Authorities were unaware of any allotment until they received the hard copy of the allotment order.	Now the recipient authorities get SMS & email the moment any allotment is made in their favour.
e-Pradan (Online Payment)		
Time consumption	Payment cycle from bill receiving to actual encashment of cheques in beneficiary account used to take 17 days on an average. Time taken : 10 – 60 days.	Payment cycle from bill receiving to actual credit to beneficiary account takes 4 days on an average. Time taken : 0 - 4 days.
Mode of payment	Payment used to be through cheques thereby involving tasks of cheques printing and deliver. Average number of cheques printed and delivered in a year was 21 lakhs.	ECS mode of payment has eliminated the cheque printing and delivery tasks, resulting in huge saving of manpower and cost. Approx. 2,00,000 mandays annually in Treasuries/DDOs office.

Parameter	Pre-IFMS	Post-IFMS
Audit Trail	Audit trail was possible up to DDO level only.	Drill down audit trail available up to the beneficiary level.
Payment delivery	DDOs were required to visit treasuries and collect cheques by hand.	DDOs need not visit treasuries. Whole process is online.
e-Billing (Online Preparation & Submission of Treasury Bills)		
Mode of bill preparation	Manual preparation of all bills and schedules involving huge data entry.	Fast, Simple and minimal data entry in digitized bill forms.
Volume of bills	There were about 70 Bill Forms & Schedules.	Bill Forms & Schedules reduced to 30.
User friendliness	Separate preparation of Bill was often required for each & every personal claim in most of the cases. A new Bill was required to be done afresh every time.	Similar types of claims of large number of beneficiaries can now be clubbed in a single bill. Details of old bill can be used for submission of a new bill after slight modification.
Probability of error	Instances of misclassification, miscalculation & selection of wrong bill forms prevalent.	Elimination of such instances due to in-built system controls.
Bill preservation facility	No scope of bill preservation at Treasury available for future reference. AG also used to destroy hard copies after stipulated time period.	Virtual copy of the bills are always available in dematerialized form.
HRMS (Human Resources Management System)		
Quality of information	Incomplete, unreliable and highly disorganized information on human resource was available due to various factors like maintenance of records in multiple locations in varied formats. This led to difficulty in retrieving information.	All information will be stored comprehensively in the Central Database which will ensure effective and efficient decision making process for better utilisation of the human resources.
Maintenance of Service books	Services books of employees used to be maintained manually.	Manual maintenance of service books has been replaced with e-Service books.
Control of pay parameters	Pay parameters like salaries, arrears etc. were controlled manually from respective Offices/ Departments.	Pay parameters of employees are now centrally controlled thereby eliminating scope of inadequacies and inconsistencies in records.

Parameter	Pre-IFMS	Post-IFMS
Generation of pay and other bills	Pay bills and other bills of employees used to be prepared manually.	Pay bills and other bills of employees will now be generated online after due validation.

13.5. Roles and Responsibility of FA as Regards IFMS

i. To act as the Nodal Officer of the Department w.r.t all existing and Future Applications deployed or to be deployed in IFMS

ii. Capacity Building of concerned Officers of the department and Staff in consultation with Finance Department. Attend Trainings arranged by Finance Department.

iii. Review of implementation of IFMS applications in the Departmental Hierarchy.

iv. Extend Support to Pr. Secretary/ Secretary to monitor, control and supervise the financial affairs by accessing MIS reports available in IFMS.

v. Facilitate Finance Department by providing information, clarification, as regards practice, procedures, manuals, orders followed in the concerned department.

vi. Extend Advisory to the Department so far as any new requirement or modification of existing application is considered necessary for the Department.

vii. Preparation and submission of Reports & Returns as sought for in connection with IFMS by Department concerned or by Finance Department.

viii. Extend support, co-operation, and assistance to Finance Department in the implementation and maintenance of IFMS.

ix. Detect inadequacy, inefficiency, deficiency, lapses at different hierarchical level of the department in proper implementation of IFMS and bring to the notice of Pr. Secretary/ Secretary of the Department for review and remedial action.

x. Maintain Liaison with DTA/Treasury/PAO in case of any problem related with IFMS faced by the Officers of the Department.

CHAPTER-XIV

Government Receipts Portal System (GRIPS)

14.1. **On-Line System of Tax-receipt (OLSTR)** had been introduced vide Finance Department Notification No. 3154-F Dated 24.04.2008 to facilitate payment of Commercial Taxes by the Tax Payers through the Portals of the Agency Banks and others. These receipts were accounted for in the Public Exchequer through e-Treasury under DTA.

14.2. Since the OLSTR had some inherent drawbacks and also with a view to widening the scope and reach of the e-Governance initiative for online collection of Tax and Non-Tax Revenues, the State Government developed a dedicated Portal name **"Government Receipts Portal System" (GRIPS)** for e-Payment of Tax and Non-Tax Revenues and Deposits of the State by the Tax Payer in substitution of the erstwhile OLSTR.

14.3. The new system of e-Receipts was operationalized vide Finance Department Notification No. 8298-F(Y) dated 03.10.2012.

14.4. Presently, about 90 % of the State Revenues is being collected through GRIPS.

14.5. West Bengal is the second State in the country, next only to Odisha to introduce on-line collection of State Revenues.

14.6. Government Receipt Portal System (GRIPS) has the following facilities :

14.6.1. Presently, **22 (Twenty two) Scheduled Banks** (both in Public and Private Sector which are authorized by the Reserve Bank of India to conduct the State Government business) have been allowed by the State Government to participate in GRIPS for online collection of State Revenues and Deposits.

14.6.2. GRIPS provides flexibility of payment of Tax & Non-Tax Revenue through :

i. Net-Banking

ii. Debit Card (vide Notification No. 3435-F(Y) Dated 01.07.2014)

iii. Offline or Over the Counter [OTC] Payment (vide Notification No. 10578-F(Y) Dated 28.12.2012)

iv. NEFT / RTGS Deposits by GOI Offices for payment of Profession Tax etc. (vide Notification No. 3697-F(Y) Dated 15.07.2014).

[Note : All 22 Scheduled Banks are now integrated with GRIPS.]

14.6.3. Payments of multiple Taxes / Non-Tax Revenues and Deposits under different heads of account may be made against a single transaction. i.e. a citizen may make payment of VAT, CST, WBST etc. simultaneously.

14.6.4. Payments of multiple Taxes / Non-Tax Revenues and Deposits under different heads of account may be made against a single transaction. i.e. a citizen may make payment of VAT, CST, WBST etc. simultaneously.

14.6.5. Departmental Officers collecting the State Revenues from the citizens may also deposit the money so collected through offline mode of GRIPS.

14.6.6. Development and integration of Departmental Portal is not a pre-requisite for on-line collection of Revenues and Deposits unless there is a necessity for data validation and communication. Incorporation of appropriate Revenue / Deposit Heads of Accounts in GRIPS in consultation with the Finance Department is sufficient. Single source of reporting and accounting through Reserve Bank of India, Public Accounts Department (PAD), Kolkata and e-Treasury at the Directorate of Treasury & Accounts, W.B.

14.6.7. Real time credit of revenue into the Government exchequer which ensures better transparency for both Government and the Citizen.

14.6.8. MIS facilities with real-time monitoring of revenue collection.

14.7. All taxes under the WBVAT Act, 2003, WBST, 1994, CST Act, 1956, WB Taxes on Profession, Trading, Callings and Employment Act, 1979, WB Entry of Goods into Local Areas Act, 2012 and The Bengal Excise Act, 1909 are paid through GRIPS only.

14.8. All Departments have to make necessary arrangements so that the Tax & Non-Tax Revenues, if any, collected by the Department or Directorate or subordinate offices are made mandatorily through GRIPS to facilitate better management of Government Revenues.

14.9. Efforts should be made by each department to provide access to the intending depositors / citizens so that he is able to deposit taxes online without being compelled to visit Govt. offices or having only manual option to deposit through manual TR Form in particular banks. Development of own departmental portals for assessment and validation of taxes, fees, etc. should be explored to derive maximum benefit for the department and for the depositors.

14.10. Pre-GRIPS and Post-GRIPS Scenario

GRIPS (Online Receipt of Tax & Non-Tax Revenues)

Parameter	Pre-GRIPS	Post-GRIPS
Time consumption	Involved a lengthy process for making payments which include filling of TR Form, getting it countersigned from the concerned office, making visits to a particular branch of a particular bank	Elimination of the time consuming and tedious process as payment can be done 24X7 online through payment gateways of 22 agency banks.
Procedure for authentication	Manual verification of authenticity of deposits used to lead to delays in depositing amount paid by payee.	Service delivery office can verify authenticity of the payment through GRN/ BRN online and services thus are delivered promptly.
Probability of Error	There were chances of misclassifi cation / incomplete classification of tax and non-tax revenues	Elimination of instances of misclassification / incomplete classification of tax and non-tax revenues due to built-in system checks
Quality of information	Reports on revenue collection often contained outdated and unreliable information due to non-integration of systems	Authorities can know the exact revenue collected anytime enabling better fund management

CHAPTER-XV

Some of the recently introduced Process/System

15.1. Centrally Sponsored and Central Sector Schemes (CS/CN)

Financing of Centrally Sponsored / Central Sector Schemes has been restructured with effect from 2014-15, vide No. M-12043/03/2013-PC dt. 11.7.2013 of Planning Commission and F. No. 55(5)/PF.II/2011 of Department of Expenditure, Ministry of Finance, GOI. As per new arrangement all the fund related to centrally sponsored / Central Sector schemes will be routed through the state Budget. The departments will release fund under CS/CN schemes only after confirmation of the credit of the fund under the related head of account in the state Budget.

15.2. COSA (Computerisation of Salary Accounting)

It is a system of preparation of salary bills of employees through a software package called COSA developed by NIC. Under the COSA system the DDO needs to provide hard copy of the COSA-system generated salary bills along with soft copy of the bills for payment to be made by the bank on-line into the bank account of the employee concerned. However with introduction of PayRoll Process for Pay Bill Preparation for Govt. Employee through HRMS of IFMS. COSA system has been discontinued Grant-in-Aid salary will also be brought under HRMS Module for payroll processing in due course.

CHAPTER-XVI

Abolition of LOC system and Introduction of fund drawal from treasury for Public works, Forest, etc.

16.1. Letter of Credit system for drawal of fund related to Public Works and Forest expenditure has been abolished with effect from 1.4.2015. This system has been replaced with drawal of fund by submission of bill to the Treasury/PAO like other expenditures of the Government.

16.2. The **important features** of such change in the system of fund drawal are as follows-

i. Advance drawal authority has been delegated to various levels of divisional officers;

ii. Instead of adjustment of advance within the fixed time period as enjoined in TR 4.138, it has been stipulated that at any point of time not more than the authorized advance will remain unadjusted, thus allowing some flexibility in the time of adjustment of advance;

iii. Some new bill forms, namely, 70, 70A, 70B, 70 C etc., have been introduced, which can be submitted to the Treasury by the Divisional officers as regular bills without vouchers; Treasury/PAO will admit claims on the basis of the certificates to be signed by the Divisional officer in the bill;

iv. One copy of such bills to be submitted by the Divisional officer with vouchers to the AGWB for audit purpose at the end of each month;

v. Public Works Deposit accounts which were earlier maintained in the works divisions have been shifted to the Treasury/PAO in favour of the concerned Divisional officers through a mechanism detailed in FD memo. No. 3292-F(Y)dt. 24.4.15.

vi. The system of submission of monthly accounts by the divisional officers for their respective divisions have been discontinued with effect from the month April, 2015, consequent upon abolition of LOC system; works expenditure will be incorporated in the monthly Treasury accounts;

vii. Financial power has been delegated to the Departmental Secretary of the works departments on case to case basis for hiring of vehicles needed for inspection of the public works/forest works, which were earlier incurred out of LOC fund without sanction from FD;

viii. Public Remittance has been abolished with effect from 1.4.15 simultaneously with abolition of LOC system;

All the Government revenue receipts to be deposited under the Government receipt heads like other offices in the Treasury/PAO, either by transfer credit by deduction from the claim bills, or through GRIPS.

CHAPTER-XVII

Audit

17.1. Reports of the Comptroller & Auditor General of India

17.1.1. Procedure to be followed by various Administrative Departments after the Reports of the Comptroller & Auditor General of India are laid on the table of the State Legislative Assembly–

17.1.2. The Comptroller & Auditor General of India submits his reports on the accounts of the State Government to the Governor of the State in terms of Article 151(2) of the Constitution of India. The Governor subsequently causes the reports to be laid before the State Legislature in terms of the provisions of the same Article.

17.1.3. As soon as these reports are laid before the State Legislature, they stand referred to the Committee on Public Accounts (PAC) or the Committee on Public Undertakings (COPU), as the case may be, in terms of the provisions of the Rules of Procedure and Conduct of Business of the State Legislature framed under Article 208 (I) of the Constitution of India. Each of these Committees have their separate Rules of Procedure (Internal Working).

17.1.4. As soon as the copies of Finance Accounts, Appropriation Accounts and Audit Reports are laid before the House, the Secretary of the Legislative Assembly informs the Finance Department and the Accountant General, West Bengal of these having been so laid, and the Finance Department requests all Administrative Departments of the State Government as also the Heads of the Undertakings to furnish to the Assembly Secretariat, within one month from the date of communication, with 35 copies of the notes or memoranda duly signed by the Secretary or the Joint Secretary of the Department containing what they have got to place before the Committee in respect of the points raised by the Comptroller and Auditor General of India in the said Audit Report thereon. Five copies of the said statements or replies shall be forwarded to the Accountant General, WB. by the Secretary of the West Bengal Legislative Assembly.

17.1.5. In case where an additional note / memorandum is called for by the Committee, 35 copies of the additional note / memorandum **duly approved and signed by the Secretary / Joint Secretary of the Department** should be sent to the Assembly Secretariat well in advance accompanied by relevant papers, etc. But before they are so furnished, a copy of the additional note / memorandum shall also be sent to the Account General, West Bengal for his verification.

17.1.6. The Public Accounts Committee or the Committee on Public Enterprises may decide to select certain audit paragraphs for discussions keeping in view their importance and the short duration of time available for deliberations. This selection of audit paragraphs for discussions by the Committee, however, does not, in any manner, reduce the significance of the non-selected audit paragraphs so far as the Administrative Departments of the State Government are concerned.

17.1.7. After the Committees concerned have completed their hearing on various paragraphs and have taken whatever written or documentary evidences are required for the Committees to arrive at conclusive points, the recommendations of the Committee are finalised and presented before the House. Usually, the House does not discuss the recommendations thereafter.

17.1.8. After these recommendations have been forwarded by the Assembly Secretariat to the concerned Administrative Departments, the concerned Department has to take necessary steps to send its Action Taken Notes (ATNs) to the Assembly Secretariat on the recommendations as contained in the relevant Report of the Committee within six (6) months from the date of presentation of the relevant Report of the Committee in the State Legislature. With the Department's Action Taken Notes (ATNs) sent to the State Assembly, the process of audit concludes.

17.2. Finance Department may undertake at any time, in consultation with the concerned Administrative Department an audit on or a financial evaluation of the utilisation of funds pertaining to normal expenditure, schemes under plan or non-plan sector, staff and enforcement of norms, and may prescribe norms in regard to staff output and pattern where such norms do not already exist or need modification. Further action on the findings of such audit will be taken by the department concerned in consultation with the Finance Department.

CHAPTER-XVIII

Public Sector Enterprises & Parastatal Bodies

18.1. Government Commercial Organisations

18.1.1. Government Commercial Organisations are divided into the following categories :

i. Government Companies

ii. Statutory Corporations

iii. Departmentally managed commercial undertakings

18.1.2. The State Government's Public Sector Undertakings consist of Government Companies and Statutory Corporations.

18.1.3. In terms of Section 617 of the Companies Act, 1956, a Government Company is one in which not less than 51 per cent of the paid up capital is held by the Government. A Government Company includes a subsidiary of a Government Company.Audit of accounts of Government Companies is conducted by the CAG under provisions of Section 619 of the Companies Act, 1956. Accounts of the Government Companies are audited by the Statutory Auditors appointed by the CAG. These accounts are also subject to the supplementary audit conducted by the CAG.

18.1.4. Audit of Statutory Corporations is governed by their respective legislations.

18.1.5. The Departmental undertakings of Government Departments are required to prepare *pro forma* accounts in the prescribed format annually indicating the working results of financial operations and to submit the same to the Accountant General for audit.

18.2. Urban Local Bodies

18.2.1. Constitutional status has been conferred upon the Municipal Bodies in the 74thConstitution Amendment Act of 1992. Out of 124 Urban Local Bodies (ULBs) in West Bengal, 117 ULBs (114 Municipalities, 2Notified AreaAuthorities and one Industrial Township Authority) are governed by the West Bengal Municipal Act, 1993. Kolkata Municipal Corporation and Howrah Municipal Corporation are governed by theirrespective Actsof 1980. The other five Municipal Corporations (Siliguri, Asansol, Bidhannagar, Chandernagar and Durgapur) are governed by the West Bengal Municipal Corporation Act,2006.

18.2.2. ULBs exercise their powers and functions in terms of the provisions of Article 243W of the Constitution of India. Some obligatory functions of ULBs are given below:

i. Water Supply for public and private purposes.

ii. Collection and disposal of solid waste.

iii. Construction and maintenance of streets, bridges..

iv. Public amenities including street lighting, parking lots, bus stops and public convenience (public latrines, urinals etc.).

v. Public health, sanitation conservancy.

vi. Burials and burial grounds, cremations, cremation grounds and electric crematoriums.

vii. Town planning and development.

18.2.3. Property tax on land and buildings is the main source of tax revenue of ULB. Non-tax revenue includes mutation fee, plan sanction fee etc. Apart from tax and non-tax revenue, the State Government releases non-plan grants to the ULBs to finance their revenue expenditure.The ULBs also get plan grants including grants on the recommendation of the State Finance Commission from the State Government. Central grant (non-plan)on the recommendation of the Central Finance Commission is also available to the ULBs.

18.2.4. The audit of the ULBs is conducted by the Examiner of Local Accounts (ELA) who is an officer of Indian Audit and Accounts Service and works under the supervision of the Principal Accountant General(General and Social Sector Audit),West Bengal.

CHAPTER-XIX

Delegation of Financial Powers

19.1. Power to incur expenditure

Power of Secretary / Commissioner of a department and various authorities to incur expenditure out of the unit of appropriation "Office expenses, other charges etc.," are mentioned in **Schedule 'A'** and **Schedule 'B'** of DFPR, 1977 as amended. These powers are subject to budget provision as may be, made from time to time. The controlling officers should take appropriate step to allot funds from their respective budgets to officers.

19.2. Re-delegation of power

19.2.1. Administrative Secretaries are hereby authorised to delegate by orders in writing such administrative and financial powers as are vested in them to their subordinates within the Secretariat department as may be necessary in the interest of efficient administration of their departments. This will be, however, subject to Statutory Requirements, Rules of Business, Standing Orders of the Minister-in-Charge of the department, and restrictions imposed in specific cases.

19.2.2. The administrative departments may delegate by orders in writing such administrative and financial powers as are vested in them to the Heads of the Directorates / Officers in the Headquarters as may be considered necessary in the interest of expeditious disposal of work. The Head of the Directorate, however, cannot further delegate these powers to anybody.

19.2.3. A Head of the Directorate may, by an order in writing delegate administrative and financial powers as are vested in him to any of his subordinates at headquarters as may be considered necessary in the interest of expeditious disposal of his work, with the approval of the Secretary of the administrative department concerned, subject to restrictions, if any, imposed in specific cases.

19.2.4. A Head of the directorate may by an order in writing delegate any of his administrative or financial powers to the Head of Office at the regional or district level as may be considered necessary in the interest of efficiency, with the approval of the Secretary of the department.

19.2.5. The delegation of powers indicated above will be subject to the requirements of any law or order under which the power has been conferred, by office or by person, on any Government Officer. Such powers conferred under any law or order shall not be delegated unless such delegation is expressly provided for in the law or order.

19.2.6. The administrative department and the Head of directorate will ensure that the officer to whom powers have been delegated is sufficiently senior and competent to exercise such powers in the interest of public service. Delegation of such powers does in no way reduce the responsibility of the delegating officer who would be expected to exercise sufficient supervision over the exercise of such delegated powers.

19.2.7. A copy of the order passed by departments in this connection should be conveyed to the Accountant-General of West Bengal, and also endorsed to the Finance Department and the Personnel and Administrative Reforms Department for information. All necessary steps should, however, be taken to delegate maximum possible authority to the lowest possible levels commensurate with the need to exercise such powers in the public interest and that the matter should be reviewed from time to time to achieve the purpose of such delegation of powers."

19.3. Exercise of financial powers in certain circumstances

Unless otherwise provided by any general or special rule or order, it shall be within the competence of an authority to exercise the financial powers delegated to another authority subordinate to it when the subordinate authority is incapacitated to function or is on leave.

19.4. The Financial Powers as mentioned against different Authorities in the Schedule A and Schedule B of the DFPR can be exercised by the officer for his own office or for the sub-ordinate offices also.

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

Printed at
Saraswaty Press Limited
(Government of West Bengal Enterprise)