

FEATURES OF DISTRICT FINANCIAL  
ADMINISTRATION IN WEST BENGAL

Similar to the other States in India the principal unit of financial administration in West Bengal is also a district under the charge of a District Magistrate and Collector.<sup>1</sup>

Structure of District Administration :

When West Bengal came to be constituted as a separate State after the partition in 1947, there were only fourteen districts. In 1950 it rose to fifteen with the merger of Coochbehar as a separate district. A new district of Purulia was created in 1956 with the territory transferred to West Bengal from the Manbhum district of Bihar. For the sake of administrative convenience in 1986 the district of 24 Parganas was bifurcated into two separate districts : 24 Parganas (North) and 24 Parganas (South),<sup>2</sup> and recently on 1st April, 1992, the district of West Dinajpur has also been bifurcated into two separate districts : West Dinajpur (North) and West Dinajpur (South). This has raised the number of districts in West Bengal to eighteen and it has remained so at least till today. However, a recommendation to further divide the districts of Burdwan and Midnapore is still awaiting final decision of the Government.<sup>3</sup>

A district in West Bengal is comprised of one or more sub-divisions, and each sub-division is headed by one Sub-Divisional Officer who is also called Sub-Divisional Magistrate when he functions as the head of law and order

machinery of the subdivision. Similarly every subdivision is consisted of several blocks and the head of each block is a Block Development Officer.

### Whether Calcutta is a District ?

Although there are eighteen districts, the city district of Calcutta is not treated on the same footing as a district usually so denoted. The administrative mechanism operating in Calcutta is quite different from what is known as district administration understood elsewhere. In Calcutta city, there is no post of District Magistrate as such.

The law and order machinery is directly looked after by the Police Commissioner, who is also vested with the power of an Executive Magistrate, and as regards development administration in the metropolis the Calcutta Municipal Corporation is directly responsible. Therefore, the name of the Calcutta Treasury has been changed into the Calcutta Pay and Accounts Office with effect from the 1st February, 1978,<sup>4</sup> which also happens to be the same year since when the Panchayati Raj system became operative in the other districts of West Bengal. In fine, the district administration in the accepted sense does not operate in Calcutta.

### Structure under Panchayati Raj System vis-a-vis District :

For every district the State Government has constituted a Zilla Parishad bearing the name of the district<sup>5</sup> and correspondingly for every block a Panchayat Samiti has been constituted bearing the name of the block.<sup>6</sup>

Assuming that there is a one-to-one correspondence between Panchayat Samiti and development block, there should be 341 Panchayat Samitis. But this is not so because two Panchayat Samitis are yet to be constituted by the State Government.<sup>6A</sup> Hence the total number of development blocks in the State stands at 341, which is two more than the number of Panchayat Samitis.

In such block, where Panchayat Samiti is yet to be constituted, the Block Development Officer acts independently obtaining advice directly from the District Magistrate and Executive Officer of the Zilla Parishad especially in respect of development issues.

Every block is comprised of several Grams and for every Gram the State Government constitutes a Gram Panchayat bearing the name of the Gram.<sup>7</sup>

#### Development Plans and Panchayati Raj Institutions :

Under the Panchayati Raj system in West Bengal development plans for rural areas are prepared through this three-tier system, the Zilla Parishad, Panchayat Samiti and Gram Panchayat.

These three bodies consist of elected members, who are elected every five-year through the Panchayat General Election. The first of such election was held in the year 1978 in West Bengal.<sup>8</sup>

While the Zilla Parishad is responsible for

the district plans, the Panchayat Samiti for the block plans and the Gram Panchayat for the Gram plans. A Gram Panchayat consists of several villages, and each development block is comprised of several Gram Panchayat areas. In West Bengal, at present, there are in all 3305 Gram Panchayats against 339 Panchayat Samitis and 17 Zilla Parishads.

As a matter of fact, there are only 16 Zilla Parishads and one is called Mahakuma (subdivisional) Parishad - though it enjoys the same power as the Zilla Parishad. The Mahakuma Parishad at Siliguri came into existence simultaneously with the constitution of the Darjeeling Gorkha Hill Council in 1988.<sup>9</sup> The District Magistrate of Darjeeling is the Executive Officer of the Siliguri Mahakuma Parishad.<sup>10</sup>

#### The role of the Executive Officer

The District Magistrate and the Block Development Officer are the ex-officio Executive Officers of the Zilla Parishad and Panchayat Samiti respectively. By virtue of their being Executive Officers they are responsible for the implementation and execution of the decisions taken by these bodies on the matters related to development plans in the district and the block respectively.

The power to draw and disburse the funds of the Zilla Parishad and the Panchayat Samiti is vested only with the respective Executive Officers. These elected bodies are simply the decision making bodies. In general, this is an

advantage because the members of these bodies, who are elected only for a term of five years, are not expected to be thorough in the financial rules of the Government. On the contrary this is no advantage to the Executive Officer. If on the one hand he is officially bound to carry out the decisions taken by the Zilla Parishad/Panchayat Samiti then on the other he is required to see meticulously that while implementing the decisions the relevant financial rules are not violated, for he is the person who has to face the audit directly.

It is prescribed in the Panchayat Act that the Chairman<sup>11</sup> of the Zilla Parishad/Panchayat Samiti 'shall have the general responsibility for the financial and executive administration' of the Zilla Parishad/Panchayat Samiti,<sup>12</sup> but in what manner should he be made directly responsible especially with regard to financial matters the Act in question is absolutely silent; whereas, as discussed in the preceding para, the power to draw and disburse the Zilla Parishad/Panchayat Samiti funds is only vested with the Executive Officer.<sup>12A</sup> Therefore, in the matters relating to financial administration a person cannot be considered responsible unless he is directly involved in day-to-day monetary transactions. The Chairman is simply the head of a decision making body and acts on behalf of the body;<sup>12B</sup> and on mode of payment over any work or supply of materials he has no say whatsoever, it is solely the prerogative of the Executive Officer.

On the other hand, the Executive Officer has been given no choice than to implement the decisions taken by these bodies.<sup>12C</sup> The Act clearly maintains that the Executive Officer may be recalled by the State Government if a resolution to this effect is passed by the Zilla Parishad/ Panchayat Samiti by a simple majority of the total members holding office for the time being in a meeting specially convened for this purpose.<sup>13</sup> Although there is no such precedent that this provision was ever applied, its very existence hangs like the mythical sword of the Democles over the head of the Executive Officer.

Remedy :

The only remedy advised against the above provision is : either to delete this provision itself and allow more latitude to the Executive Officer in respect of monetary matters or to make it obligatory on the part of the Sabhadhipati/Sabhapati to put his countersignature on every payment order. Only could personal involvement make one feel responsible.

Local Funds :

The funds of the local bodies such as municipalities, Zilla Parishad, Panchayat Samiti etc., are categorised as 'Local Fund'. The expression 'Local Fund' denotes :

(i) Revenue administered by bodies which by law or rule having the force of law come under the control of the Government whether in regard to the proceedings generally

or to specific matters such as the sanctioning of their budgets, sanction to the creation on filling up of particular of appointments, the enactment of leave, pension or similar rules.

(ii) The revenue of anybody which may be specially notified by the Government as such.<sup>13A</sup>

Thus the funds of Zilla Parishad, Panchayat Samiti etc. are treated as Local Fund.

#### The P.L.Account :

The local fund accounts are maintained at the treasuries under the name 'Personal Ledger Account' or in short only 'P.L.Account'.<sup>14</sup>

The Zilla Parishad and Panchayat Samiti are not allowed by the Government to retain any fund outside the P.L.Account in any commercial banks.<sup>14A</sup>

#### The Advantages :

It cannot be claimed specifically that the P.L. Account as such has benefited the Government at any time, but broadly speaking there are two advantages attached with its maintenance :

(i) The Government can keep constant vigil over every withdrawal of fund by such local bodies; and,

(ii) In case of financial crisis in the country of grave nature, the Government by simply issuing a directive

to the treasuries may freeze the entire deposits of such local bodies till such time the Government may deem necessary.

The disadvantages of maintaining the P.L.Account :

The P.L.Account at a treasury is kept purely as a banking account, moneys being paid into and drawn out of the treasury without specification of the nature of receipt or expenditure. Unless in any case the Government directs otherwise, withdrawals can be made only by cheques signed by the Executive Officer or some responsible officers, so authorised in the absence of the Executive Officer, of the local authority concerned. Under the existing rules, in fact, in respect of the funds in P.L.Account the treasury as such has neither the scope nor the power either to control or to check the withdrawals made by the local authorities. Secondly, any allotment of fund received and credited into the P.L.Account can safely be carried over for years, without being detected by the treasury unless at a later date by the audit, no matter whether the allotment in question was meant to be expended within a particular financial year or not. This, perhaps, is one of the major causes for irregularities in the P.L.Account. Had there been the bill system for all withdrawals then this defect could easily have been avoided.

The Bill System :

Against every claim for withdrawal of funds from the P.L.Account, the local body may be asked to place before

the treasury a detailed bill mentioning the nature of expenditure with a view to facilitating the treasury to put a check on unauthorised expenditure, if any. After debiting the gross amount of bill from the deposits in the P.L.Account concerned, the Treasury Officer may issue treasury cheque, encashable at a particular nationalised bank<sup>15</sup> with whom the treasury is maintaining its monetary transactions.

Exceptions made in case of Gram Panchayat :

In the three-tier Panchayati Raj system in West Bengal, only the Gram Panchayat has been kept free by the Government from the purview of treasury for all its monetary dealings. A Gram Panchayat may deposit all its funds in any savings bank,<sup>16</sup> but before withdrawal there are certain stipulations to be fulfilled by it. Every withdrawal cheque, irrespective of the amount, must bear the signature of the Pradhan and the Upa-Pradhan or in the absence of Upa-Pradhan<sup>17</sup> of a member of the Gram Panchayat so authorised at a meeting in this behalf.<sup>18</sup>

The introduction of this slight change in the withdrawal procedure has done immense good to the Gram Panchayat administration. This arrangement has broken the monopoly of a single man over the Gram Panchayat's fund reducing the chances of misappropriation considerably. In view of the development administration, this is indeed a very healthy change.

## Treasuries :

Until recently there was one sub-treasury in each subdivision to control financial transactions of different government departments falling within the subdivision, but now all the sub-treasuries have been upgraded and converted into full-fledged treasuries. The upgradation of the sub-treasuries was done in stages from 1.8.76 to 1.8.87.<sup>18A</sup> These subdivisional treasuries now function independently without any intervention of the district treasury for all its transactions and rendering accounts to the Accountant-General, West Bengal. As a matter of fact, after the upgradation of the sub-treasuries into treasuries, the district treasuries have been redesignated as Sadar-treasuries. Every treasury is awarded a code number by the Accountant-General for quick identification of each treasury for data-processing. Every month treasury accounts are sent to the Accountant-General quoting the code number on each page of input.

## Collector versus Treasury Officer :

The treasury or treasuries falling within the district are under the general charge of the Collector of the district concerned, who entrusts the immediate control to a Treasury Officer subordinate to him but does not divest himself of administrative control.<sup>19</sup>

The State's Accountant General directs his communications regarding matters relating to treasury accounts and procedure either to the Collector or to the Treasury

Officer, but all important communications to the Accountant-General must issue over the signature of the Collector or with his approval over the file. It is stressed that the Collector may manage his treasury by a Deputy, but he must not treat his treasury as a separate and independent office. He is refrained from addressing the Treasury Officer officially in any communication or forward the Treasury Officer's explanation as his own reply to questions or enquiries concerning the treasury works.<sup>20</sup> However, there is no bar as such if the Collector sends his directions to the Treasury Officer using unofficial memo (in short U/O memo) number as he sends his directives to the Officer-in-Charge of the different wings of the Collectorate. But this procedure is hardly followed. Official memos are used at random as if different wings in the collectorate are separate offices.

#### The Director of Treasuries :

The overall administrative matters relating to treasuries in the State are being looked into by the Director of Treasuries, who is of the rank of a Deputy Secretary in the State's administration. Yet he does not function independently, on every matter of administration he has to obtain guidance and advice from the State Finance Department.

The Role of the West Bengal Audit and Accounts Service :

Previously the post of Treasury Officer was manned by an officer from the West Bengal Civil Service, but after the creation of West Bengal Audit and Accounts Service in 1971, the post of Treasury Officer is mainly filled-up by an officer from this service. The main purpose of the Government behind creation of Audit and Accounts Service was to give to treasury a full-time officer who should remain free from other engagements. The services of a West Bengal Civil Service Officer could not be spared as such for full-time engagement because by virtue of his post he is an ex-officio Executive Magistrate, whose primary responsibility, while posted in a district on general duty is to help the District Magistrate in maintaining law and order.

In this same connection, it may be noted that though the Collector is in the general charge of treasury, he can hardly do justice to treasury works because of his other multifarious preoccupations especially related to the developmental issues in the district. At least, after the creation of the West Bengal Audit and Accounts Service, the Collector may now feel a little bit complacent about treasury matters.

Table of Treasuries in West Bengal :

The following is the table of Treasuries with the Codes district-wise :

<u>Name of the District</u>	<u>Treasury</u>	<u>Code No.</u>
1. Calcutta	Calcutta Collectorate	AO
"	Pays Accounts Office	TO
2. 24 Parganas (South)	Alipore-I	BO
"	" -II	B1
"	Diamond Harbour	B2
3. Nadia	Nadia	CO
"	Ranaghat	C1
"	Kalyani	C2
4. Murshidabad	Berhampur	DO
"	Kandi	D1
"	Jangipur	D2
"	Lalbagh	D3
5. Howrah	Howrah (1)	EO
"	Howrah (2)	E2
"	Uluberia	E1
6. Burdwan	Burdwan (1)	FO
"	Burdwan (2)	F5
"	Asansol	F1
"	Durgapur	F2
"	Kalna	F3
"	Katwa	F4
7. Birbhum	Suri	GO
"	Rampurhat	G1
"	Bolpur	G2

<u>Name of the District</u>	<u>Treasury</u>	<u>Code No.</u>
8. Bankura	Bankura	HO
"	Bishnupur	H1
9. Midnapur	Midnapore	JO
"	Tamluk	J1
"	Ghatal	J2
"	Jhargram	J3
"	Contai	J4
10. Hooghly	Hooghly(1)	KO
"	Hooghly(2)	K4
"	Serampore-A	K1
"	Serampore-B	K5
"	Chandernagore	K2
"	Arambagh	K3
11. Purulia	Purulia	LO
12. Maldah	Maldah(A)	MO
"	Maldah(B)	M1
13. West Dinajpur(South)	Balurghat	NO
14. West Dinajpur(North)	Islampur	N1
"	Raigunj	N2
15. Jalpaiguri	Jalpaiguri	PO
"	Alipurduar	P1
16. Cooch-Behar	Coochbehar(1)	QO
"	Coochbehar(2)	Q5
"	Dinhata	Q1
"	Mathabanga	Q2
"	Tufangunj	Q3
"	Mekhligunj	Q4
17. Darjeeling	Darjeeling	RO
"	Siliguri	R1

<u>Name of the District</u>	<u>Treasury</u>	<u>Code No.</u>
Darjeeling	Kurseong	R2
"	Kalimpong	R3
18. 24 Parganas (North)	Barasat (1)	V0
"	Barasat (2)	V4
"	Barrackpore I	V1
"	Bongaon	V2
"	Basirhat	V3
"	Barrackpore II	V5

#### Bank and Non-Bank Treasuries :

The treasury is the focal point where the primary records of financial transactions of Government in the district are maintained.

The treasuries are of two kinds : Banking and Non-Banking. A Bank Treasury means a treasury, the cash business of which is conducted by the Reserve Bank of India or its branches or agencies authorised to conduct Government business, whereas a Non-Bank Treasury is a treasury other than a Bank Treasury i.e., a treasury the cash business of which is conducted by it without directly involving any bank as such.<sup>21</sup> In West Bengal there are only Bank Treasuries.

In the Bank-Treasuries, the Manager or Agent, as the case may be, of the concerned bank is responsible for the provision of funds to meet the Government disbursements. To enable to make him the requisite provision, the Treasury Officer is required to send him on each Saturday a statement

showing as accurately as possible for the following two weeks separately the probable receipts and disbursements on Government account at the treasury.

The Treasury Officer also informs the bank through advice of an expected payment against the bills, otherwise the bank concerned will not be bound to make any payment to any party against any bill passed by the treasury. This procedure is followed to eliminate the possibility of any wrong payment by the bank.

Functions of a Treasury :

The functions entrusted to the treasury broadly fall under :

(a) receipt of money from the public and departmental officers for credit to Government;

(b) payment of claims against Government on bills or cheques or other instruments presented by the departmental drawing and disbursing officers or pensioners or others authorised to do so;

[In fact, all treasury payments are made through the concerned bank.]

(c) Keeping initial and subsidiary accounts of the receipts and payments occurring at them and rendering statements of such transactions to the Accountant-General for detailed compilation and consolidation;

(d) acting as a banker in respect of funds of local bodies, Zilla Parishad, panchayat institutions etc., who keep their funds with the treasuries under the head

P.L.Account; and

(e) custody of opium and other valuables because of the strong room facility provided at the treasury, which cannot be considered as exactly germane to the function of the treasury.

The Collector of the district is in general charge of the treasury and is, as we know, personally responsible for its general administration; but he takes no part in the daily routine of treasury business because of his busy schedule everyday. Therefore, the Treasury Officer is in immediate executive charge of the treasury.

The Role of the Treasury Officer :

As the Collector's delegate and representative, the Treasury Officer is responsible to the Collector primarily for the proper discharge of his duties, for thorough observance of all rules prescribed for his guidance in every branch of his duties and for strict attention in all details of the daily routine of the treasury work. He is responsible to the Collector for the working of the treasury and the conduct of the subordinate treasury official, like Additional Treasury Officer and others, and for the custody of stamps and opium and is jointly responsible with the Stamps Clerk since one key of the double-locked strong room is retained by the Treasury Officer himself, but at present it is retained by one of the Additional Treasury Officers subordinate to the Treasury Officer, whereas the second key kept by the Stamps

Clerk. The Treasury Officer is also responsible to the Collector for keeping accounts of the treasury strictly in accordance with the accounting rules, for the accuracy of all initial records and vouchers and for regularity of all transactions taking place at the treasury.

The Treasury Accountant :

Apart from the Treasury Officer there is one Accountant at the treasury who is responsible under the orders of the Treasury Officer for keeping complete records of cash and book transactions. He is also required to see that the rules and orders in force are observed in respect of all transactions of the treasury and to bring all cases of irregularity to the notice of the Treasury Officer.<sup>22</sup>

Previously there used to be a post of Treasurer, who was responsible for the handling of the cash, but after the conversion of all treasuries into Bank Treasuries, the post of Treasurer as such became redundant and was, thus, abolished by the Government. At present in the strong-room of the Treasury, which is double-locked, excepting service postage stamps and court-fee stamps no hard cash is kept because the payment portion is directly dealt by the bank.

Checks to be applied at Treasury on claims :

Claims as regards all governmental payments are presented in the prescribed form at the treasury by the departmental drawing officers or by the public or pensioners.<sup>23</sup> It is stipulated that the bills<sup>24</sup> presented by the public

must bear the countersignature of the departmental officers otherwise the bills are not entertained.<sup>25</sup> Every claim is subject to treasury checks like arithmetical computations,<sup>26</sup> correctness of the classification,<sup>27</sup> comparison of signature of the departmental drawing officer with the specimen signatures on record with the treasury,<sup>28</sup> identification of the payee,<sup>29</sup> conformity with the authority, if any, issued by the Accountant-General or the sanction of the competent authority,<sup>30</sup> completeness of the bill with supporting schedules in respect of recoveries, etcetera. The bills are then passed for payment<sup>31</sup> and against which treasury cheques are issued, which are encashable at the bank.

It is prescribed that, irrespective of the endorsement made by the Drawing and Disbursing Officers, the treasury should issue account payee cheques only, in favour of suppliers and persons not in government service, with regard to amounts exceeding Rs.500.<sup>32</sup> Although this rule holds good with slight modification<sup>33</sup> in connection with all payments made by the local bodies to private parties, over such payments the treasury, as such, does not have any control.<sup>34</sup> If any local body wishes to ignore this rule, then it can do so with ease. The only way to check this kind of violation is to introduce the bill system - the procedure of which has already been described above. The power to issue cheques should not rest with the local bodies, it should immediately be transferred to the treasury as is the practice in respect of other departmental payments.

Preconditions for Departmental withdrawals :

In a normal departmental case, to be brief, withdrawals are supposed to be allowed by the treasury on the fulfilment of the following conditions :

- (a) the person presenting the bill is declared as Drawing and Disbursing Officer,
- (b) there is sanction for withdrawals,
- (c) there is budget provision and allotment of fund,
- (d) the complete detailed head is noted on the bill,
- (e) the progress of expenditure is indicated,
- (f) the conditions of Government orders and rules are fulfilled,
- (g) in respect of grant-in-aid bills a utilisation certificate and their acceptance is quoted on the bill,
- (h) advances are drawn with the order of the competent authority.

Other conditions are more or less observed in toto except (h) which is not always complied with. As a matter of fact, the treasury is not authorised to allow any advance drawal of fund without the prior approval of the competent authority. The relevant rule is quoted thus :

"No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants."<sup>35</sup>

Who is competent to sanction advances :

Even the District Collector is not authorised to sanction advances.<sup>36</sup> But, in practice, the Collector does sanction advances frequently taking advantage of the fact that the treasury belongs to him. The Treasury Officer, who is a subordinate officer of the Collector, cannot stop this practice.

Usually, in such cases the Collector's act is motivated by public interest. In fact, it is no fault of the Collector. It is normally seen, most of the schematic allotments are released by the Government at the fag end of the financial year. It is presumed that this delay occurs at the governmental level due to the failure on the part of the State Finance Department to process the claim papers timely. In bureaucracy, it is a routine procedure, before any final decision is arrived at on any proposal, the connected papers pass through many hands.

Over and above, the Collector is the head of development administration in district. Evidently he has got great responsibility to see no developmental scheme remains half done or unattended to due to paucity of fund. Therefore, being morally bound by social need that way, how can a District Collector allow any schematic grant to lapse !

Further a budgetary grant, once allowed to lapse, is seldom revalidated by the Government because in the given bureaucratic set-up it may take years. If the Government desires that no Collector should violate the prescribed rule

then it is desirable that budgetary grants meant for the districts are released in time.

Remedial Steps :

Since every problem is zeroing in on the bureaucratic red-tapism, it is time something is done to reduce it to the minimum. A scheme is suggested below :

The Secretaries of the Administrative Departments may be made fully competent to take financial decisions in the delegated field even without obtaining the advice of the State Finance Department. The essential feature of the scheme can be like this :

Once pre-budget scrutiny has been done by the Finance Ministry, the other Ministries are to be made competent to spend up to the limit of the sanctioned budgets without further reference to the Finance Ministry. Thus the responsibility for ensuring that the expenditure is restricted to the sanctioned budget grant then solely devolves upon the Administrative Ministries. The Administrative Ministries then can redelegate their financial powers to their Departmental Secretaries. This way the file movement in respect of releasing one or the other allotments to the districts will be restricted to the level of Departmental Secretaries.

It cannot even be thought at this moment as to what an immense benefit will the timely release of allotments to the districts bring to the Government ! This is the only way to keep the project cost of every developmental

scheme within the limit of the allotments. Otherwise the more the delay happens in receiving allotments the more the project cost of schemes goes up due to the pressure of inflation on the cost of raw materials and labours.

#### The Governmental Deposits :

Equal care is also taken in respect of payment by any person to the Government accounts. The deposit chalan presented to the treasury by the depositor is meticulously checked and after that if it is found in order in every respect then only will the Treasury Officer, enface it with an order to the bank to receive the money and to grant a receipt.<sup>37</sup>

Where the departmental officers are individually responsible by specific orders of the Government for any breach or flaw committed concerning the deposits into Government accounts, this rule, as such, is not applicable. In such cases, filled in chalans are not needed to be presented before the treasury for checking. The deposits are directly received by the banks from the depositors.<sup>38</sup>

To prevent any anomaly in respect of governmental deposits, double system of checking is safer because deposits made under wrong head of account by any department are not likely to be detected early. Moreover, this kind of wrong deposits create a lot of anomalies at the Accountant General's end while they are credited head-wise. This is also one of the reasons as to why year after year the

Government is forced to present a deficit budget. It is hardly convincing that there is dearth of money at the Government's exchequer. In fact, the problem lies elsewhere. It is mostly due to the failure on the part of the Government to exactly assess its yearly income on account of the existence of persistent anomalies in its deposit accounts. Therefore, it is better if every governmental deposits, irrespective of the department, are routed through the treasury.

Banking Accounts rendered to the Treasury :

The accounts and returns rendered by the Bank to the Treasury Officer with regard to transactions of the Government consist of :

- (i) A daily account of receipts and payments in the prescribed form;
- (ii) A pass book or register of receipts and payments.

After transactions for the day are completed, the Daily Account is prepared by the Manager or Agent, as the case may be, after satisfying himself as to its accuracy, docketts and forwards it to the Treasury Officer with the register of daily receipts and payments and with all the appertaining challans and vouchers at the close of the day. It is stressed that these documents are secured in a locked box when sent by the Bank to the Treasury Officer to avoid the possibility of any fraud before they reach the hands of the Treasury Officer. Even the Bank is directed to conspicuously mark the vouchers with the

word 'Paid' to prevent any kind of double payment. The Register of daily receipts and payments is checked by the Treasury Officer meticulously and initialled before the same is returned to the Bank.<sup>39</sup>

#### Closure of Treasury Accounts :

The treasury is closed for the day after the Treasury Officer checks both registers and cash books comparing each payment or receipts thereof with relevant vouchers<sup>40</sup> or Chalang as the case may be and the register totals with those entered in the cash books and verifies a certain number of the totals. The cash book totals are also checked by a senior subordinate other than the Accountant. If the results in the balance sheet agree, the Treasury Officer signs the cash book and the balance sheet and accounts for the day are closed.

#### Monthly Returns :

It is the duty of every treasury to despatch its monthly returns to the Accountant-General. These monthly returns, which in the case of treasuries are separate for transactions of the State and for those of the Union, consist of : (i) schedules of payments; (ii) schedule of receipts; (iii) a list of payments; and (iv) a cash account.

The accounts and returns are written in accordance with the directions contained in this behalf in the Account Code issued by the Government of India. This is being done with a view to maintaining uniformity in the accounting

system all over India. Therefore, the accounting procedure in government offices all-over India is more or less the same since all the Accountants General of the States are controlled by the Comptroller and Auditor-General of India. In effect, the State Accountant-General is only a subordinate Accounts Officer under the Comptroller and Auditor General.<sup>41</sup>

Each State Accountant General, as soon as the Accounts of a month are closed, submits to the State Government a monthly account of its transactions in the prescribed form.<sup>42</sup> Any difference between the cash balance in treasuries and the balance shown in the Cash Balance Report is worked out and explained on the face of the Account.<sup>43</sup> A bit of latitude is allowed to each State Accountant General to modify the prescribed form, if necessary, in consultation with the State Government to suit local requirements.

There are separate schedules of receipts and expenditure for each department, and in them transactions are to be entered in sufficient detail to enable the preliminary compilation by the Accountant General to be made therefrom and the chalans and vouchers to be identified according to the classification given in them. The list of payments made and the total receipts collected, during the month, detailed according to each schedule, or, in respect of the Debt, Deposit and Remittance transactions, according to broad account classification. The classification of accounts for the Central Government and the State

Government, prescribed by the Central Government on the advice of the Comptroller and Auditor General of India, is the same.

The Cash Account and the Collector's Role :

The Cash Account also works up to the actual cash balance in the treasury on the last day of the month as personally counted by the District Collector after bringing into it the total payments as shown in the List of Payments. In reality, on behalf of the Collector the Treasury Officer fulfils this task since the Collector could hardly spare his time. However, the relevant rule insists upon the Collector's personal involvement :

"The Collector when at headquarters must always verify the district treasury balance in person on the first day of each month and sign the account to be rendered to the Accountant-General...."<sup>44</sup>

The above rule needs to be modified in view of the recent change in the concept of District Administration. The District Magistrate at present not only is the head of law and order machinery, but also the head of the development administration in the district, which keeps him constantly preoccupied one or the other way. Further, there is no treasury as such in West Bengal which is still called a district treasury. As mentioned at the beginning of the Chapter, all the sub-divisional treasuries are now full-fledged treasuries.

When to render the Monthly Accounts to the Accountant-General :

The first batch of payment schedules, supported by necessary vouchers, is to be sent to the Accountant-General on the 10th and 11th of the month; and the remaining schedules, supported vouchers, the List of Payments and the Cash Account, which is accompanied by a certificate of agreement of the account balance with the balance reported in the cash balance report of the treasury for the last day of the month, are to be sent on the first day of the succeeding month.<sup>45</sup>

However, this system of sending the accounts twice in a month is not strictly followed by the treasuries these days.<sup>46</sup> Although two separate reports are prepared, they are mostly sent at a time. This laxity on the part of the treasuries considerably increases the work load at the beginning of the succeeding month at the Accountant General's Office.

The Schedules, List of Payments and Cash Accounts rendered by each treasury monthly to the Accountant General constitutes the first stage of compilation of the State Government accounts. They cover jointly the whole of the public transactions including departmental accounts and Debt, Deposit and Remittance transactions. They may be said to represent the primary fabric of all the State Government's accounts in India.

The problem of Account Classification :

As already stated, every bill and voucher must bear the enforcement of the department concerned with the proper account classification before the same is presented to the treasury. From these enforcements the transactions are broadly classified in the Schedules (in the case of revenue receipts and service payments), and in the List of Payments and Cash Accounts (in the case of Debt, Deposit and Remittance transactions). For this purpose, these documents have the broad account classification printed on them, and in the majority of cases the totals of the monthly receipts and payments are entered against these printed heads from the subsidiary registers maintained at the treasury.<sup>47</sup> But a few items occur every month at treasury which do not clearly fall under any of the printed heads or in respect of which the full account classification is wanting. In such cases, the treasury describes in detail on the body of the Schedule or the Cash Account, or the List of Payments and leaves to the Accountant-General to classify.

This problem usually occurs because of the lack of timely checking done by the departmental officers who are responsible for the proper maintenance of their departmental accounts. Some residual balance of contingent funds even after the completion of particular schemes, though it is very irregular, are carried over year after year in the cash book, and that is also without proper analysis. Naturally,

in such cases, the heads of accounts of such residual balance of funds become absolutely difficult to trace out after sometime. It is not that the departmental Drawing and Disbursing Officers do not remain aware of this problem; they do, for they are supposed to sign the cash book everyday, but they simply try to ignore it unless hammered. Mainly, they prefer to concentrate more on the execution of schemes than on bothering about such minor irregularities on account matters. Therefore, when Audit comes, hurriedly such unspent balance of funds are deposited under the head 'Suspense Account' to avoid the audit objections. In actuality, the monies not deposited under the proper heads of account remain unaccounted for years in the government accounts.<sup>48</sup>

#### Precautions :

The above unhappy situation occurring at the time of the arrival of Audit can easily be avoided if the following precautionary measures are observed by the departmental Drawing and Disbursing Officers :

- (a) Undisbursed cash is immediately credited to the Government account mentioning the proper heads of accounts to which the undisbursed cash relates :
- (b) Bill-wise break-up be kept in separate registers to keep track of every expenditure against the particular bill; and,
- (c) No full-utilisation certificate against any schematic allotment of fund be submitted to the authorities unless it is ensured that the fund in question has been fully spent to the last paise.

Treasury Inspection :

Now we come to the last part of the treasury functioning, i.e. treasury inspection. The 'Treasury Rules' says that every District Collector shall make a systematic inspection of the working of the treasury once a year, with the object of ensuring that the procedure actually observed at the treasury is in accordance with the rules and orders in all respects and the accounts and other records are properly maintained.<sup>49</sup>

The above rule is very difficult to be implemented sincerely since the same 'Treasury Rules', in another place, says that the treasury or treasuries will be under the general charge of the Collector.<sup>50</sup> Since nobody likes self-criticism, therefore, even if there is serious irregularity, it is not unlikely, the same may not find reflection in the treasury inspection report of the Collector. It is desirable, thus, the treasury is made independent of the Collector's control for its day to day functioning, otherwise in the Collector's inspection report never will there appear a true picture of the working of the treasury.

It is further prescribed that the Director of Treasuries and Accounts, West Bengal should arrange inspection of the working of every treasury once a year and he himself would visit and inspect at least one-third of the treasuries.<sup>51</sup>

There are some practical problems with regard to the implementation of the above provision. In point of fact, the Director of Treasuries and Accounts is much junior to a

District Collector in terms of his status. He is only an ex-officio Deputy Secretary whereas the post of a District Collector is considered equivalent to that of a Joint Secretary in the State administration.

In bureaucracy, the status factor carries much weight; a bureaucrat always remains conscious of his status. It will, therefore, be in the fitness of the thing if the post of the Director of Treasuries and Accounts is upgraded and manned, at least, by an officer of the rank of a Special Secretary, if not more. This small change in the existing set-up will make the inspection factor more meaningful and weighty.

Conclusion :

The 'Treasury Rules' were framed under section 135(1) of the Government of India Act, 1935. The same were brought into operation from 1st April, 1937. With the commencement of the Constitution of India in 1950, the rules were continued to remain in force, in so far as they were not inconsistent with the provisions of the Constitution.

To keep up pace with the change in the system of administration after Independence some additions and alterations, indeed, were made to the existing 'Treasury Rules', but the basic concept as regards the system of financial management was considered unalterable. It is no wonder then whatever modifications were brought into the 'Treasury Rules' from time to time were stray and superficial

in character and, as the case may be, they have so far failed to fully cater to the needs of the State financial administration.

This legacy of the Raj - which is called 'Treasury' - can easily be abolished for the following reasons :

(a) The treasury's structure and function date from the time when the banking and communication infrastructure were at an embryonic stage of development. The treasury was then the custodian of the Government moneys. But the situation has changed now. Today there is no Non-Bank Treasury. The Government moneys are retained by the banks. So the role of the treasury as the custodian of the Government moneys has become redundant.

(b) The treasury performs the task of rendering the initial accounts of monetary transactions to the Accountant-General for compilation and presentation before the Government. This practice actually delays the process of compilation. Instead this task of rendering the accounts to the Accountant-General can safely be transferred to the respective departmental Secretaries. This, in actuality, will hasten the process of compilation since in this case the accounts will be rendered directly without making the treasury a medium.

(c) Further the abolition of the treasury will make the Administrative Departments to act with more responsibility in respect of their expenditures; inas much as

they would feel that, in the absence of treasury, they would have to satisfy the Accountant-General directly even for minor expenditures.

In view of the above advantages it can safely be concluded that the treasury is not at all needed - the task can easily be divided in between the banks and the departmental Drawing and Disbursing officers.

Notes and References

- 1 The principal executive authority in the districts of Darjeeling, Jalpaiguri, Coochbehar and Purulia who were previously known as Deputy Commissioner were redesignated as District Magistrate by an Act passed to this effect in 1984 by the Government of West Bengal.
- 2 Vide Notification No. - Government of West Bengal Home Dept. No.91 - PsAR(AR) Dt.17.2.86.
- 3 Para 2.2 of the Report of the Administrative Reforms Committee, Govt.of West Bengal, April, 1983.
- 4 Vide Memos of the Govt. of W.B. - 11225-F dt.23.12.77, 5730-F dt. 16.6.79 and 8981-F dt. 14.9.79.
- 5 Sub-Section (1) of the Section 140 of the West Bengal Panchayat Act, 1973.
- 6 *ibid.*, Sub-Section(1) of the Section 94.
- 6A They are Kulti and Hiraipur in the district of Burdwan.
- 7 Sub-Section (1) of the Section 4 of the W.B.Panchayat Act, 1973.
- 8 As regards the manner of election to these bodies para-1 of the Hand Book for Returning Officer (Panchayat Elections), 1988 issued by the Deptt. of Panchayat, W.B., reads as follows : 'Elections to the three-tier of Panchayats will be simultaneous. Each voter will cast his votes in the same polling station for choosing the members for election to gram panchayat, panchayat samiti and zilla parishad. ... there will be spot counting of votes at the polling stations immediately after the polls.' As regards the question as to who will be the voters for the Panchayat Election the definition has been given in Clause(C) of the Rule(2) of the W.B.Panchayat (Election) Rules, 1974 (corrected upto Oct., 1987) - "Voters' in relation to an election in a constituency means any person whose name is included in the electoral roll of the West Bengal Legislative Assembly

in force on the last date of nomination for Panchayat Election] pertaining to the area comprised in such constituency.' To be eligible to vote every voter must complete eighteen years.

- 9 Vide Section (2) of the W.B. Panchayat Amendment Act, 1988.
- 10 The Darjeeling Gorkha Hill Council is comprised of three hill sub-divisions of Darjeeling : Darjeeling Sadar, Kurseong and Kalimpong. The Gorkha Hill Council's works are guided by a separate Act called the Darjeeling Gorkha Hill Council Act, 1988.
- 11 The Chairman of Zilla Parishad is called Sabhadhipati; the Chairman of Panchayat Samiti is called Sabhapati; and the headman of Gram Panchayat is called Pradhan.
- 12 Sections 118(1) (b) and 165(1) (b) of W.B. Panchayat Act, 1973.
- 12A Vide Sub Rules (5) and (6) of the Rule(3) of the W.B. Panchayat (Powers, Functions and Duties of the Executive Officer and the Secretary of the Panchayat Samiti) Rules, 1979 and vide Sub Rules(4) and (5) of the Rule(3) of the W.B. Panchayat (Powers, Functions and Duties of the Executive Officer and the Secretary of the Zilla Parishad) Rules, 1978.
- 12B Sections 165(d) and 118(d) of the W.B. Panchayat Act, 1973.
- 12C Vide Rule(3) (1) of the W.B. Panchayat ~~Act, 1973~~ (Powers, Functions and Duties of the E.O. and the Secretary of the Panchayat Samiti) Rules, 1979 and Rule(3) (2) of the W.B. Panchayat (Powers, Functions and Duties of the E.O. and Secretary of the Z.P.) Rules, 1978.
- 13 Sections 119(1) and 166(1) of the W.B. Panchayat Act, 1973.
- 13A Vide Subsidiary Rule 439 of Treasury Rules, West Bengal and the Subsidiary Rules made thereunder, Vol. I, (Second Edition), 1977.

14 P.L.Account is nothing but an account of banking nature.

18A Vide W.B.Panchayat Dept. Memos 5629 Panch/3F-8/64  
Dated 24.9.64 and 22476 AZP/3F-4/78 Dt.3.10.78.

15 Each State Govt. has made a separate agreement with the Reserve Bank of India by virtue of which the general banking business of that Govt. (in which business is included, the receipt, collection, payment and remittance of moneys on behalf of that Government) is carried on and transacted by the Reserve Bank, in accordance with and subject to the provisions of the agreement and the Reserve Bank of India Act, 1934 and in accordance with and subject to such Orders as may from time to time be given to the Reserve Bank of India by the State Government. The operations of each State is, however, confined to the offices and branches of the Reserve Bank of India and of the bank which have been designated as falling within the area of that particular State. (Rule 9 of the Government of India Accounting Rules, 1990).

The Govts. of Jammu and Kashmir, and Sikkim have not so far entered into agreement with the R.B.I. for the conduct of their general banking business.

16 Vide W.B.Panchayat Dept. Memo No.6369/1 Dt.4.5.76.

17 The Subordinate headman of a Gram Panchayat.

18 Item No.17 of the Amendment Notification No.2120-L dated 7.12.84 of the Govt. of West Bengal.

18A The first such Sub-Treasury to be upgraded was Barrackpore Sub-Treasury in the then district of 24 Parganas and the last Sub-Treasury to be upgraded was that of Mekhligunj Sub-Treasury in the district of Cooch Behar.

19 Rule 4A of Treasury Rules, West Bengal inserted by

the Finance Dept. Notification No.4208F,  
dated 19 May, 1977.

- 20 Subsidiary Rule 9, op.cit.
- 21 Rule (2)K of Treasury Rules, West Bengal and the  
Subsidiary Rules made thereunder, Vol.I  
(Second Edition), 1977.
- 22 Subsidiary Rule 12, op.cit.
- 23 Subsidiary Rule 85, op.cit.
- 24 A bill is a statement of claims against the Govt.  
containing specification of the nature and  
amount of the claim either in gross or by  
items, and includes such a statement presented  
in the form of a simple receipt.
- 25 Subsidiary Rule 88, op.cit.
- 26 Subsidiary Rule 136, op.cit.
- 27 Subsidiary Rule 92(V), op.cit.
- 28 Subsidiary Rules 127 and 135, op.cit.
- 29 Subsidiary Rule 140(3), op.cit.
- 30 Subsidiary Rule 92(VII), op.cit.
- 31 Subsidiary Rule 148, op.cit.
- 32 Vide Govt. of West Bengal Finance Dept., Memo 1899-F,  
dated 27.2.86.
- 33 In case of the Local Bodies, the limit is Rs.2,500/-  
(Vide Govt.of West Bengal Finance Dept.  
Memo 5577-F, Dated 8.6.90).
- 34 Subsidiary Rule 441, op.cit.
- 35 Subsidiary Rule 229, op.cit.
- 36 Vide Memo 2388-F, Dated 9.3.90 of the Finance  
Dept., Audit Branch, Govt.of West Bengal.
- 37 Subsidiary Rule 353, op.cit.
- 38 Subsidiary Rule 356, op.cit.

- 39 Subsidiary Rules 376 to 378, op.cit.
- 40 A bill or cheque becomes a voucher when it is duly receipted and stamped "paid".
- 41 Para 1.1 of the Account Code for Accountants General issued by the Ministry of Finance, Govt.of India, 1984.
- 42 The prescribed form is called : Form A.C.31.
- 43 Para 9.1(a) of the Account Code for Accountants General, op.cit.
- 44 Subsidiary Rule 25, op.cit.
- 45 Para 125 of 'An Introduction to India Government Accounts and Audit'. (Third Edition), 1963.
- 46 However, Subsidiary Rule 23(2) of W.B.Treasury Rules, 1977 edition clearly states 'With regard to the punctual submission of the accounts and returns the Government shall view with severe displeasure any avoidable delay on the part of the Collector or the Treasury Officer in the despatch of the prescribed accounts and returns with complete schedules and vouchers particularly those required by the Government, the Accountant General...'

Even the 'Note' appended after the above rule has further gone to the extent of emphasising that the returns due for despatch on a holiday may be sent one day (but not more than one day) late.

- 47 Para 134 of 'An Introduction to India Government Accounts and Audit' (Third Edition), 1963.
- 48 The 'Note' appended to the Article 37 of the Account Code, Vol.I, 1972 issued by the Comptroller and Auditor General of India reads thus : 'No sums

shall ordinarily be credited to Government by debit to a suspense head; credit must follow and not precede actual realisation.'

- 49 Subsidiary Rule 26, op.cit.
- 50 Treasury Rule 4A of 'Treasury Rules, West Bengal' Vol.I (Second Edition), 1977.
- 51 Appendix-4 of 'Treasury Rules, West Bengal and Subsidiary Rules made thereunder' Vol-II (Revised Edition), 1983.

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