

THE FINALE : A PLEA FOR REFORM

The objective of financial administration is the achievement of economy, efficiency and propriety in public finance by ensuring that expenditures incurred on the programmes, activities, schemes and projects are approved by the legislature and in accordance with rules, regulations, codes and manuals. The success of any system of control over the governmental finance, therefore, depends upon the extent to which this aim is realised. Budget is used as a mechanism to facilitate such control. Similarly, Audit is another instrument to exercise control by ensuring accountability of the Executive towards the Legislature.

These are the broad aspects of financial control. Besides these, at different levels of administrative set-up some reforms have become imperative to make the system of financial control more effective and meaningful. Reforms in question can be operationalised at three levels :

- (A) At the level of the Panchayati Raj bodies;
- (B) At the level of the Government; and
- (C) At the level of the Bureaucrats.

(A) At the level of the Panchayati Raj bodies :

The importance acquired by the Panchayati Institutions :

In 1978, for the first time, an administrative reform was introduced in West Bengal in the form of establishing full-fledged Panchayati Raj system. Under this

system the people's representatives received an important place in the developmental process at the grass-roots level of administrative set-up. At the apex of the three-tier Panchayati Raj System stands the Zilla Parishad followed by Panchayat Samiti and Gram Panchayat.

The main factor behind the constitution of the Panchayat Samiti was to help and guide the block in its development. Simultaneously various Gram Panchayat units were also constituted with the people's representatives to look after and organise the development of the villages in a cluster basis.

As a result, the entire working system of the block underwent a sea-change. This has increased the dimension of work of a block manifold in recent years over and above.

At present, all types of developmental works taken up within a block are either executed directly by the Panchayat Samiti or obtaining the assistance of the Panchayat Samiti.

With the introduction of "Jawahar Rozgar Yojana", a rural development programme, in 1989, a new dimension has been added to the works of Panchayati institutions. As a matter of fact, with its introduction, the equation of work among the three tiers of Panchayats has abruptly been changed. Now almost 80% of total allocation is spent by the Gram Panchayats and the rest 20% is shared between the Zilla Parishads and the Panchayat Samitis.

Before 1989 a Gram Panchayat used to receive hardly a grant of seventy to eighty thousand rupees in a year from the Government under different rural development programmes, but the same Gram Panchayat at present receives not less than rupees eight to ten lakhs under JRY. With the passing of time the allotment of funds to the three-tier Panchayati bodies is constantly increasing, and with it the problem of maintainance of proper accounts of the funds so allocated is also perennially on the rise.

(a) Problems faced by the Executive Officer of the Panchayat Samiti :

The Sabhapati or the Chairman being the head of the Panchayat Samiti performs all its works through its Executive Officer. The Block Development Officer, who is the ex-officio Executive Officer of the Panchayat Samiti, has to execute different development works of the Panchayat Samiti apart from attending different meetings of the Standing Committees of the Panchayat Samiti and other meetings at the Subdivision, District and Zilla Parishad. Also he has to inspect and supervise works and accounts of Gram Panchayats (within the periphery of Panchayat Samiti) regularly.

Apart from this, he has some statutory works also to perform in his capacity as a Block Development Officer. He has to attend to certain emergent works during flood, election, revision of electoral rolls etc. After attending to so many works the Executive Officer or the Block Development

Officer practically finds little time to devote himself in maintenance of accounts of the Panchayat Samiti.

This problem can easily be tackled if the post of the Joint Block Development Officer is redesignated as Joint Block Development Officer-cum-Joint Executive Officer. This way the Joint Block Development Officer, posted in the block to assist the Block Development Officer in block administrative matters, could have been entrusted with the works of maintaining the accounts of the Panchayat Samiti in addition and in such case the Block Development Officer could give his more time on field visits.

In the Zilla Parishad, there is already an Additional Executive Officer to assist the Executive Officer in his day to day work in administration and account matters.

(b) Inadequate staffing pattern of the Panchayat Samiti :

In pre-1978 period the block used to maintain two separate cash books. The amount of money which used to be spent through a Panchayat Samiti (it was called Anchalik Parishad¹ then) did not exceed Rs.50,000/- in a given year under the heads like, old age pension and salary to the Anchalik Parishad's staff (comprised of a clerk and a peon). The money which used to be spent through the block also did not go beyond Rs.2 to 3 lakhs in a year. Comparatively, at present a Panchayat Samiti receives not less than Rs.70 lakhs in a year. Similarly a block also receives nearly Rs.10 to 15 lakhs in a year, which includes staff's salary. The work of a block

has increased more than ten times since 1978. As discussed earlier, two sets of separate accounts are still being maintained, viz., one of Block and another of Panchayat Samiti.

However, still the Panchayat Samiti has on its pay-roll the same number of staff as on Anchalik Parishad days : one clerk and one peon. No new posts have been created by the Government for the Panchayat Samiti to cope up with the increase in workload. Yes, the Government has made one relaxation in this regard that is by placing the services of the Head-Clerk-cum-Accountant and Cashier-cum-Storekeeper of the Community Development Block at the disposal of the Panchayat Samiti after 1978. So the number of staff available for maintaining the accounts of the Panchayat Samiti stands to be three :

- (i) Head Clerk-cum-Accountant,
- (ii) Cashier-cum-Storekeeper, and
- (iii) Panchayat Samiti Clerk.

(i) Head-Clerk-cum-Accountant :

The Head Clerk-cum-Accountant has to bear the main work load of keeping accounts in proper manner. Except the cash book, he has to maintain all other books of accounts, prepare the bills and cheques, and to perform other sundry works. The work load of the block establishment is enough to keep him engaged throughout the day. As a result, it seldom becomes possible for him to update all the books of accounts. It is, therefore, extremely necessary to provide

another staff to assist the Head Clerk in the matters related to accounts.

(ii) Cashier-cum-Storekeeper :

The problems faced by the Cashier-cum-Storekeeper is more or less akin to that of the problems faced by the Head Clerk-cum-Accountant. The Cashier has to maintain the cash books of both the Block establishment and the Panchayat Samiti. The Panchayat Samiti Cash Book has to be balanced at the end of a month², and this relaxation provides him with some breathing time to keep the Block Cash Book up-to-date.

It has been noticed that due to heavy pressure of works of the Head Clerk and the Cashier, it becomes extremely difficult for them to reconcile the cash balance with the Allotment Register in order to prepare the monthly cash analysis.

In the absence of cash analysis it is also difficult for the internal auditors to ascertain the correct position of accounts of the Panchayat Samiti funds. In order to avoid this difficulty the Government may order the Panchayat Samiti Clerk to be entrusted with the work of Cashier of the Panchayat Samiti.

These problems are not faced by the Zilla Parishad as such because it has got separate establishment, unlike that of the Panchayat Samiti, of its own with separate sets of staff both technical and non-technical to perform its duties; whereas the Panchayat Samiti performs its works

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with the help of the staff borrowed from the Block.

(c) Absence of Specific Audit and Accounts Rules :

Despite the changes brought about in the structure of the Panchayati Raj Institutions in West Bengal in 1978, the procedure of maintaining the accounts of Panchayat Samiti/Zilla Parishad is still guided by the 'Local Self Government Accounts Rules for District Boards' (1885) meant for the guidance of the pre-Independence District Boards. It has been observed that except the Cash Book no other essential registers could be maintained in the forms prescribed under the said Rules.

The reason for such change has mainly been due to the change in the nature of works now executed by the Panchayat Samiti/Zilla Parishad. In pre-Independence days there were no works like rural development nor so much of money was received by the District Boards,

These days the main stress of every five-year plan is on rural development in view of the concentration of 77% of the population in the rural areas, having sizeable majority of them living below the poverty line.³ Juxtaposed against the changed concept in rural development administration, it cannot be gainsaid if we call these 'Rules' absolutely obsolete and useless.

As a result, to keep pace with the changed circumstances, improvised registers have been devised by

the Panchayat Samitis and the Zilla Parishads and as such no uniform pattern or system is followed for the purpose of keeping the accounts of the Panchayat Samiti/Zilla Parishad funds.

It is time, therefore, some specific rules and guidelines devised for the purpose of maintenance of accounts.

(d) Problems of retaining liquid cash :

As per the Government rules (already discussed in Chapter III) the Panchayat Samiti/Zilla Parishad cash is kept and maintained at the treasury in Personal Ledger Account (PL Account). Money is drawn from time to time from the P.L. Account for execution of different schemes and for labour payments.

The money so drawn in advance from the P.L. Account is usually kept in the iron chest maintained at the block's office. But this system of keeping the cash in iron chest is fraught with grave risks. There is no guarantee that the said money may not be misused by the Cashier for his personal benefit. Moreover, there is a danger of occurrence of theft also.

These problems can easily be tackled if the Government permits the Panchayat Samiti/Zilla Parishad to open a bank account where money drawn from the P.L. Account, but not required for immediate payment, may be kept.

(e) Audit :

As already pointed out in Chapter-V, there is a provision of Internal Audit and audit by the State Accountant General of the Panchayat Samiti/Zilla Parishad accounts at a regular interval. By proper audit not only a certificate regarding expenditure of Government money is obtained, but it helps much to remove the defects in accounting system and to adopt proper method in future for maintaining the same.

Yet, the follow-up action on the audit reports are not seriously pursued. Specific Government orders as regards follow-up action as well as for regular audit of accounts of the Gram Panchayats/Panchayat Samitis/Zilla Parishads can help immensely to maintain and adopt proper accounting procedure in the Panchayat's Raj bodies.

(f) Employment in extra-departmental works :

In spite of the fact that Audit is a very essential item of exercising control over expenditure, but it is normally seen that internal audit officers like the Parishad Accounts and Audit Officer, Samiti Accounts and Audit Officer, Extension Officer for Panchayats and Panchayat Accounts and Audit Officer are used, sometime or other, by their controlling officers for extra-departmental works.

It may be a fact that the extra-departmental works may be of very important nature but why should they

be given priority over audit works. Audit of the Gram Panchayats/Panchayat Samitis/Zilla Parishads should not be kept pending for years under any circumstances.

In view of the importance of Internal Audit to the Panchayati Raj bodies it is imperative that the Government immediately issues a circular that these internal audit officers are not loaded with any extra-departmental works by their controlling officers.

(g) Maintenance of accounts at Gram Panchayat-level :

It has already been stated that the equation of work among the three tiers of Panchayati Raj has totally been changed with the introduction of a new rural development scheme by the Government, which goes by the name 'Jawahar Rozgar Yojana'. This JRY has replaced the two previous rural development schemes : National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP).

Presently Gram Panchayats are at liberty to take up and execute schemes of their choice as per the local need of the Gram Panchayat area. However, in the guidelines issued, under the JRY, the resources under the programme have to be utilised in the four sectoral heads as under :⁴

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|---|-------------|
| (i) Social forestry work | 25 per cent |
| (ii) economically productive assets | 35 per cent |
| (iii) individual beneficiaries scheme for Scheduled Castes/Scheduled Tribes | 15 per cent |
| (iv) other works including roads and buildings. | 25 per cent |

In brief, the Gram Panchayats have to spend between Rs.8 to 10 lakhs in one year by drawing up yearly action plan. They are to execute all the schemes and, at the same time, they are to maintain proper accounts of the expenditures also.

On the contrary, there is no infra-structure at the Gram Panchayat-level to take up and execute all such type of schemes. Under the present Gram Panchayat set-up there is one Job Assistant and one Secretary. Neither do these people have any technical knowledge of field works nor have they got any knowledge on how to maintain proper accounts.

In order to ensure successful implementation of JRY scheme, at least one more hand having technical diploma in Civil Engineering and another posted with sound knowledge on accounting procedure be placed with the Gram Panchayat.

Booklets containing model schemes with estimates suitable for the district to be prepared by the Zilla Parishad and supplied to the Gram Panchayats will be of much help in drawing up Annual Action Plan of the Gram Panchayats. Besides, organising some kind of re-orientation training for Panchayat functionaries at the Gram Panchayat level on technical and accounting procedure will also be helpful; as without their active participation and initiative the rural development schemes at the G.P.level cannot be successfully implemented.

The essential financial rules and circulars issued by the Government from time to time should be compiled and rendered into Bengali and supplied to Gram Panchayats for guidance on financial matters, because most of the elected Panchayati members in West Bengal are either illiterate or know only little Bengali leave alone English.

For the purpose of injecting technical skills and performance credentials into the overall Panchayati Raj functioning it would be better if functional committees of Panchayati Raj institutions co-opt persons qualified by performance criteria.

(B) At the level of the Government : Departmentalisation of Accounts : A necessity :

Accounts in West Bengal is prepared by the office of the Accountant General, West Bengal on the basis of accounts submitted by the Treasuries, Calcutta Pay and Accounts Office, Liaison Office at New Delhi of the State Government, small causes Court and also accounts submitted by the Divisional Engineer of the Public Works Directorates and the Divisional Forest Officers.

It is observed in many cases the accounts are not rendered by all the offices including a few treasuries in time. As a consequence the office of the Accountant General faces difficulties in closing the accounts by the State in time and report the position to the State Government. Moreover, the Accountant General also takes sometime for

compilation of accounts. All this delay makes the position such that till November/December the State Government fails to know its accounts upto March.

In the face of the above situation, the State Government finds itself in a very unhappy position in the matter of planning of its receipts and expenditure and making forecast for the budgets of the next financial year and also finalising the revised budgets for the current financial year.⁵

On the contrary the accounts position of the Central Government is better because of the departmentalisation. The Central Government receives by tenth of the next month the position upto the end of the previous month in respect of the Union Government's total expenditure and receipts.⁶ This easily enables the Central Government to plan its financial matters in a better manner. Similarly the Central Government expects the State Government should independently of the accounts of the Accountant General be able to report about the position of the various schemes, especially the Centrally-sponsored schemes, on the basis of departmental accounts. But, 'unfortunately the departmental accounts are not prepared in many cases'⁷ though the Government guidelines are specific.⁸

Under the system of Departmentalisation of Accounts, the respective Departmental Controlling Officers are responsible for compiling the monthly statement of accounts of receipts and expenditures received from the Departmental Drawing and Disbursing Officers. The statements

so prepared are then sent to the Accountant General for reconciling differences and for correcting misclassification, if any.

If this procedure is adopted, there will be no need for the State Government to wait for obtaining the accounts of receipts and expenditures from the office of the Accountant General. On the contrary through its Departmental Controlling Officers, the Government will be able to know even the monthly figures of departmental receipts and expenditures leave alone the yearly return.

Although the adoption of this procedure will increase the responsibility of the Departmental Controlling Officers and the Drawing and Disbursing Officers, hardly is there any alternative to this arrangement.

If the State Government wishes to plan out and make its yearly budgets more meaningful then it is time that the system of departmentalisation of accounts imposed on its offices with all its might.

(C) At the level of Bureaucrats :

(a) The importance of Accountability :

Unlike private organisations where feedback on their performance is instant through the figures of profit and loss and where performance is the yardstick for survival, the public organisations, manned by bureaucrats, are under no identical pressures to keep their performances

at certain levels. Whether or not a bureaucrat works, it matters little, because he receives his salary in time. The only punishment imposed on bureaucrats for non-performance is transfer, which is, in reality, a blessing in disguise for a derelict officer. In fact, there are no compulsions at any level of bureaucracy to do better.

(b) Financial Administration vis-a-vis Accountability :

The Government can simply make rules but their implementation is in the hands of bureaucrats. Lack of interest and display of apathy simply make the rules meaningless.

Leave alone other matters related to general administration, for disciplining the financial administration enforcement of accountability amongst the bureaucrats is a sine qua non. Awareness to rigorous implementation of financial norms and rules can be generated only through the feeling of accountability. Every bureaucrat should be made accountable for his performance to his immediate superior officer. Promotion to higher posts should not depend upon seniority alone but on factors like merit and work-performance.

(c) The State Vigilance Commission and Accountability :

To enforce accountability in respect of financial matters amongst the employees, the mode of working of the

State Vigilance Department needs to be thoroughly revamped. It is commonly seen that even after years of filing specific complaints, the State Vigilance Commission fails to chargesheet a derelict employee. In case if the derelict employee is chargesheeted somehow, even then the formalities of departmental proceedings are not completed for years together.

A time limit should be prescribed by the Government both for the completion of enquiry as well as for the departmental proceedings. The more the delay is observed in meeting out punishment, the more will the delinquent employee feel complacent and the more will this have a demoralising effect upon the honest employees.

Secondly, the Vigilance Commission should have a fairly sizeable component of officers to process the cases referred to it, especially at the district-level where the cases of complaints accumulate more and more without disposal year after year.

(d) The Role of Divisional Commissioner vis-a-vis Districts:

The role of the Divisional Commissioner as the highest local executive authority to organise and supervise the administrative machinery in the districts falling within his division and to see the implementation of the policies of the Government cannot be denied.

About the present role of the Divisional

Commissioner the comment of the West Bengal Administrative Reforms Commission is relevant "With the expansion of transport and communication, the enlargement of the Panchayati experiment and increasingly direct contact between the district administration and the State headquarters, the role of the Divisional Commissioner has tended to fall into disuse."⁹

However, the role of the Divisional Commissioner as the highest field administrative authority is needed to be revived because it is difficult for the secretariat to exercise continuous and effective control over the districts directly. Moreover, some of the District Magistrates are too young and inexperienced and need constant guidance of one superior authority. The Divisional Commissioner being the very senior officer in the division can oversee the developmental as well as non-developmental activities of the districts and suggest improvements in terms of quality and quantity.

(e) Revival of the System of Inspection :

To improve the quality of performance of developmental as well as non-developmental works at the districts, the system of inspection is needed to ^{be} revived and reactivated in State administration at all levels. The Departmental Secretaries - as well as financial advisers - may be encouraged to visit the districts,

Divisional Commissioners may consider it as their principal duty to tour each district within their jurisdiction, the District Magistrates may find time to proceed to the subdivisions and blocks under their charge, the Subdivisional Officers similarly, in fulfilment of their responsibility for monitoring and supervision, may make out time to visit the subordinate offices.¹⁰

The system of inspection is one of the most effective means of ensuring that administration remains alert and active. In fact, improvement in the performance of the subordinates can be guaranteed only through unaltered frequent inspections and no other means.

Concluding Remarks :

There is no panacea as such to improve the quality of performance of the district financial administration overnight. Only through a systematic plan could some changes in the existing mode of functioning of the financial administration be contemplated. But, at the same time, it should be borne in mind nothing is static and perfect. The rules and procedures of yester years may prove obsolete and irrelevant when viewed against the backdrop of changed circumstances. Therefore, the financial rule books issued by the Government are needed to be reviewed from time to time with additions here and alterations there in order to fulfil the changing needs.

Notes and References :

1. Anchalik Parishad was a nominated body, constituted under the provisions of The West Bengal Zilla Parishads Act, 1963.
- 2 Rule 155 of 'The Local Self Government Account Rules for District Boards in West Bengal', 1885 (corrected upto November, 1951).
- 3 Annual Report 1991-92, Govt.of India Ministry of Rural Development, New Delhi, p.5.
- 4 Para 13.8 of Jawahar Rozgar Yojana Manual, Govt.of India, Deptt.of Rural Development, June, 1991.
- 5 'Handbook for use by Drawing and Disbursing Officer (fourth edition), issued by the Finance Department, Govt. of West Bengal, 1989, p.11.
- 6 *ibid.*
- 7 *ibid.*
- 8 Appendix 21 of the West Bengal Financial Rules, Vol.II, 1953 and D.O.Letter No.9020(42)-F dated 21.8.82 of the Special Secretary, Finance Dept., Govt.of West Bengal.
- 9 Para 9.13 of Report of the Administrative Reforms Committee, Govt. of West Bengal, 1983.
- 10 Para 9.14, *ibid.*

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