Chapter 1

INTRODUCTION
CHAPTER -ONE

Introduction

The history of local governments in India has a deep root in its culture and civilization. From time immemorial, local governments in our country are being considered as an integral part in the civic administration, both rural and urban. Panchayati Raj Institutions (PRIs), a sub-division of rural local government, have been playing a vital role in the socio-economic development of our country since independence and particularly in post 1990s era when the concept of globalization was first introduced in India. The role of such local governments was felt as an integral part of economic development of rural India and as a result, a concrete shape of decentralization of power was given constitutional recognition under the framework of 73\textsuperscript{rd} Constitution Amendment Act, 1992. The Act makes it mandatory for every state government in India to constitute three-tier PRIs and members of these institutions are required to be elected, not nominated. The Act also entrusted the state governments with the power of constituting State Finance Commission in every five years to appraise and evaluate the financial position of local governments, rural and urban, of the state concerned. The Eleventh Schedule (Article 243G) of the Act listed twenty-nine broad areas where the PRIs have to play a crucial role in improving the overall standard of life of village populace. As a result, the PRIs are now dealing with a large volume of finance that mostly comes from either the central government or the state government.

The Panchayats cannot become effective institutions of local self-governance unless they have a strong financial base with clearly defined sources of revenues. Again, the revenues need to be properly managed to optimize the resources. As per the provisions of the Constitution, the State Legislature has been given the discretion to authorize Panchayats to levy taxes and assign taxes, to enable them to mobilise their own resources for discharging assigned duties and functions (as stipulated in X\textsuperscript{th} Schedule). In the context of above and in the light of the experiences gained about the functioning of PRIs during the last two decades since the incorporation of 73\textsuperscript{rd} Constitution Amendment Act, it becomes important to study the financial domain of the Panchayats, assess their capacity to raise resources, analyse their capacity to absorb devolved and own financial resources, evaluate the extent of fiscal discipline practised, the extent of proper management of financial resources at their disposal at different levels of PRIs and, finally, suggest suitable measures for improving the managerial capacity of these institutions.

In West Bengal, the PRIs [Gram Panchayat (GP) at grass-root level, Panchayat Samiti (PS) at block level and Zilla Parishad (ZP) at district level as prescribed in the West Bengal Panchayat Act, 1973]
have been taking an active role in various types of social and economic activities of village Bengal during the last twenty-five years. A regular election in each tier for every five years, uninterrupted flow of fund from the state government and above all, the political will of the ruling party have made it possible to strengthen the democracy at grass-root level. But one of the very pertinent criticisms which are often raised from various corners against these organizations is that they are highly dependent on the fund availability from state or central government. Even a large number of PRIs often fail to procure 10% of their total revenue expenditure from own sources of income. As per the World Bank study, the State Government raises 96 per cent of all revenues. Only about 6 per cent of total revenues of GPs is derived from Own Source of Revenue (OSR) and 94 per cent comes from grants and transfers, of which 70 per cent from Central Government and 24 per cent from State Government.

Again no systematic structure of financial control has been developed in these institutions, which may ensure proper and appropriate usage of fund so provided for. As a result the propriety of expenditure cannot be ascertained. Besides, financial accountability, one of the important foundations in government accounting is a highly neglected area in financial discipline of these institutions. PRIs are accountable to the state government (upward accountability) and also to electorates (downward accountability). But both the segments are not adequately discharged with due to a number of reasons like irregular and untimely preparation of financial reporting and failure of conducting audit of accounts within a financial year.

It has now been argued from various quarters that in coming future, the PRIs may face the threat of existence unless they accommodate themselves with the changing scenario of the economy [Bhattacharyya (2005), Jena (1999)]. An institution cannot deliver goods without adequate resources. Therefore, funding or finances of local self-governing body like PRIs have important implications for local autonomy, development and democratic process. Further, it is finance that governs the ability of the local institutions to plan and implement the functional responsibilities. Days are coming when the upper tier government may cut down the grant heavily or even refuse to allot any grant on account of revenue expenditure. Panchayat bodies have to explore emergent areas wherefrom necessary fund can be generated to perform day-to-day activities. Even, the PRIs may have to go to bond market to procure funds for infrastructure development. The money so generated requires a close monitoring for its appropriate usage. Unless the PRIs build up an effective and efficient financial management system, their performance over fund management will face a big question mark and as a result, most of them will have to be earmarked as ill managed local bodies having lesser or no capacity to protect public money and public interest. Development of a sound
financial management system armed with modern financial control techniques and integrity in building up proper accountability and transparency mechanism would likely be the weapons of the PRIs to take on those challenges as will emerge in the economy of 21st century. However, the Government of West Bengal has now been considering to take necessary steps in improving the quality of Panchayati Raj deliberations and Interestingly, inter alia, some measures for strengthening the financial position of PRIs are also under pipeline.

LITERATURE SURVEY

Financial management of local government has now been emerged as a very crucial area of research across the world. Both academicians in the field of public finance and fiscal policy of government and professionals engaged in the practice of government accounting, auditing, budgeting and allied areas have identified the financial management of government organizations as one of the areas where improvement is necessary to safeguard public resources and property and to discharge financial accountability. Shah (2007, p. 31) has rightly pointed out that the practice of public financial management is now considered critical in combating corruption, alleviating poverty and ensuring the effective use of internal and external resources. The National Treasury of Republic of South Africa has brought out a Guide to Municipal Finance Management for Councillors (2006) where a comprehensive guidance has been provided, based on the relevant Act, to achieve an effective financial management practice of municipal organizations.

The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) has published a Handbook on Public Expenditure and Financial Management to provide Public Expenditure and Financial Management (PEFM) practitioners in governments, civil society and donors in the MEFMI region with a practical tool as well as a handy reference guide for strengthening and implementing reforms in all aspects of their public expenditure and financial management systems. The scope of the handbook includes a conceptual framework for PEFM; experiences of PEFM reforms in the MEFMI region, and the rest of the world. The USAID (1999) in a document published for municipal budget reform of Hungary has provided with overall focus on the preparation of budgets that could serve as policy, management, and communications tools as well as financial documents. It also included aspects on strategic planning, financial analysis, performance measurement, forecasting, sectoral analysis, and capital planning. The State Comptroller of New York, USA published Cash Management Technology (2010) meant for the management guide of local governments to give an overview of electronic cash management technologies, as well as the internal controls needed to help detect fraud and ensure that all transactions are captured.
Rabrenović (2009) has tried to establish an effective financial accountability system in governmental entities. He argued that the establishment of an effective system of control and audit powers over spending of taxpayers' money is a precondition for combating the high incidence of corruption and providing better value for money of use of public funds. This is particularly important in the time of global economic crises, which requires significant reduction of overall public expenditure. He finally observes that reforming the financial management system should be on the top of the agenda of policy makers and constitute an important part of the overall transition reform process in the years to come.

Besides, international agencies like World Bank (1991, 2000, and 2006), OMB of the US Government, CIPFA, GFOA, IIA are continuously contributing to the knowledge domain of government accounting, budgeting, financial reporting and financial management with the objective of developing a basic framework of governance and accountability of these organisations.

The literature on the financial management practices of PRIs in our country is scanty. In India, no structured initiatives have been taken to develop standardised system of financial management of government organisations. But the issues have referred to different documents of government publications (e.g. Sixth report of 2nd Administrative Reforms Commission on Local Governance, Oct. 2007). However, a handful of articles have been published which seems to be relevant in the context of the present study.

Mahi Pal (1991) in his study recommended unconditional assignment of 15% of land revenue raised in Panchayats area and proceeds of surcharge levied on the transfer of Immovable property to Panchayats. He expressed his opinion that Panchayats should also be empowered to raise their own resources by levying certain taxes in their territories.

In another study, Mahi Pal (2005) observed that whatever powers and authority have been given to the Panchayats to raise additional resources have not been fully and adequately put into use by these Bodies. Besides, the resources received from the Centre and the State Governments have also not been properly managed by them. His study was based on Haryana state and he has suggested some measures for effective mobilization and efficient management of the financial resources by the PRIs in Haryana State.

Mukhopadhyya (1980) has made a comprehensive study of West Bengal’s Panchayati Raj set up. It is completely based on extensive and intensive field investigation; the study seeks to identify the administrative problems and proves valuable suggestions for overcoming the difficulties. Dayal (1970) has made an attempt to discuss the Panchayati Raj system in vogue in our country today. The book has been divided into ten chapters. Chapter Seven is engrossed on Panchayati Raj finance
which has highlighted the poor financial position of Panchayats in our country. Mukhopadhyay (1971) in his study has made a general discussion on rural Local Self – Government of West Bengal. The study highlights on the contribution, powers, functions and finances of different PRIs of West Bengal.

Hepworth (1978) examines critically Local Governments from a financial point of view and partly to provide a fairly detailed outline of the underlying principles and practices encountered in Local Government financial administration. Datta (1996) reviews own source revenue of Panchayati Raj Institutions and examine their revenue capacity and revenue mobilization experience so as to lessen their dependence on state fiscal transfer. He observes review of State-Local fiscal relations in legislative, administrative and political terms is necessary. Reddy (1978 ) has tried to present a comprehensive picture of Panchayat Raj system in India in his edited volume of collected essays by different authors covering a number of states in India. Varadan (1996) enumerates the scenario of financing of Panchayati Raj institutions, problems pertaining to PRIs finance and gives suggestions to overcome the problems. Harichandran (1989) assessed the role of PRIs in rural development with particular reference to Tamil Nadu. Datta (1989) has made a detailed study of three selected Gram Panchayat in Assam to examine what type of leadership is actually emerging in the Gaon Panchayats and what role they play in realization of the objectives like democratic decentralization, politicisation and modernization at the village level. Roy (2005) highlights the Panchayat Acts and Rules regarding maintenance of Panchayats and the activities of the Panchayats of West Bengal. It also compares the Accounting of Panchayati Raj in Tripura and West Bengal. Bhattacharyya (1992) diligently compiled the accounting principles and procedures practiced by local governments, rural and urban, operating in West Bengal. He also examines weakness and deficiencies of such principles and practices and also gave some relevant suggestions to overcome these deficiencies. In his another work, Bhattacharyya (2005) made some contributions to the accounting and reporting practices of government organisations in general. Tiwari (2003) explores various aspects and mechanism for adequate availability of finance for according financial autonomy to PRIs. In this study finance has been analysed and finance-function interrelationship has been examined to get an insight into the relative significance of various components of functions. An evaluation has been made for the effectiveness and assessment for financial status of Panchayati Raj. In various studies edited by Biju (2008) attempts have been made to show various finance related issues of Panchayats In India. It also explains the process of strengthening the grassroots level of government in rural as well as urban areas.
The works referred to above are important no doubt but they do not offer any comprehensive view of the state of the art with regard to financial management of Panchayati Raj. The present study is a humble attempt to fill up the deficiency.

OBJECTIVE OF THE STUDY
The objective of the study is to examine critically the financial management practices followed by the PRIs in West Bengal in general and those of Howrah district in particular. To attain the core objective, humble attempts have been made in the study to explore how the finances are being collected by PRIs and how economically, efficiently and effectively these are utilised and what measures have been taken to secure and safeguard public money in achieving financial accountability.

Other specific objectives of the study are as follows:

1. Examining the sources of panchayat finance and to identify the other potential sources of own sources of income at each tier of Panchayati Raj system;

2. Understanding the governance of Panchayati Raj;

3. Analysis of accounting and reporting practices of government entities in general and PRIs of West Bengal in particular with the aid of the fundamental concepts of government accounting and concept of stewardship and accountability;

4. Identification and analysis of the basic principles financial management tools which are exclusively applicable to the not-for-profit entities like Panchayat organisations and to examine how these can effectively be used in PRIs in West Bengal;

5. Reviewing the financial management practices followed by the PRIs in Howrah district giving special attention to:
   a. analysing sources and procurement of fund available to the PRIs and exploration of avenues for new funds;
   b. examining asset management, revenue and expenditure management practices followed by PRIs;
   c. assessing the role of audit of accounts and budgetary control mechanism in the process of effective financial management practices of PRIs with the objective of securing and safeguarding public money;
Appraising the practices of financial management as followed by the PRIs and pointing out the loopholes and limitations in view of contemporary theories and practices of financial management available in government organisations in India and abroad. Finally, the study is providing suggestive approaches with the objective of the development of effective financial management procedure which will aid PRIs towards mobilization of resources in one hand and attaining the goal of stewardship and accountability on the other.

RELEVANCE OF THE STUDY
The study is explored to contribute to present stock of knowledge about the field of study. The literature on Panchayati Raj finance and financial management provides the information in a scattered way. It does not systematically address the issues involved. The present study, it is believed, will fill up the gap. The study, it is hoped, will present contemporary issues and theories on financial management aspect of government organisations in general and PRIs in particular. The study will also pinpoint, it is expected, the areas where further researches are needed. It is felt that the study will be immensely helpful in reviewing and assessing the various problems associated with the resource mobilization and financial management issues that seems to be much relevant in the context of new roles that are likely to be performed by PRIs in our country in the twenty-first century. Some of those may be mentioned as below:

1. By way of reviewing the existing tax and fees assessment system, the study will aid to explore ways of widening and strengthening the local tax-base;
2. The study will assist in identifying the alternative sources of resources and measures of installing them;
3. The study will provide an overall guidance to assess the extent to which computer assisted financial management will improve the cash management structure of PRIs particularly in the process of fund release by upper tier government;
4. It will help to evaluate effectiveness of internal financial control system and identify opportunities for strengthening the infrastructure and system of internal control;
5. The existing accountability and governance mechanisms are to be evaluated in the study and if there are deficiencies with reference to present scenario, suggestive measures as analysed in the study may provide means of improving them.
6. The present study may be considered as a supportive document in developing mechanisms for Value for Money audit or 3E's audit (Economy, Efficiency and Effectiveness) applicable to different panchayat bodies.
7. Finally, the study may be considered as a source of reference to work out methodology for periodic resource mapping and monitoring resource generation and utilisation at the local level.

LIMITATIONS OF THE STUDY

The study has some limitations. It focuses mainly on the patterns of financial management system that the PRIs follow in West Bengal in general and Howrah district in particular. The study analyses the budgetary practices of PRls, method of keeping accounting records, auditing practices that are prevailing and also the financial reporting aspects of those entities. The study deals with a sample size of PRls at different tiers. Had the study been based on all the PRls in the said district the outcome of the study, it is believed, would be more realistic. Again, the data as procured is for a period of five years only. Better analysis can be made if a larger period is considered for the study. The study also does not cover the areas of performance measurement. A separate study is needed to make an impact analysis about the proper uses of funds on account of developmental projects implemented by PRls. Another important limitation of the study is that it does not attempt to develop a comprehensive model of financial management practices to be followed by PRls. Instead, it identifies the areas where improvements are necessary to have a better financial management practice.

RESEARCH DESIGN, DATA SOURCE AND METHODOLOGY

The present study is descriptive in nature. It is not directed towards testing any hypothesis. The study describes and interprets the situation as it exists with respect to financial management practices of PRls in West Bengal in general and Howrah district in particular. It reviews the practices that prevail, the beliefs and points of view that are held, the processes that are used and the trends that are developing.

Our proposed study is based on the Panchayat organizations (three-tier level) operating in Howrah district. Like others, the PRls in this district are guided by the West Bengal Panchayat Act, 1973. The district is situated on the west side of river Ganges (Hooghly River) which actually divides the district from Kolkata. The total area of the district is 1467 square kilometres consisting of two sub-divisions. The district is close to the capital of the State and one of the unique features of the district is that it has areas (east part) which belong to densely populated and highly developed industrial zones and is covered under Municipal Corporation or municipalities and the remaining part belongs to the agriculture-based rural areas covered under rural local bodies like panchayats. There are 172 PRls in the district consisting of 157 GPs, 14 PSs and 1 ZP (i.e. Howrah).
The primary source of information for the study is field survey. Two different sets of questionnaire, one representing financial aspects of PRIs and the other dealing with accounting, budgeting, financial reporting aspects of PRIs are to be administered among the selected panchayat institutions (three-tier) of Howrah District for a period of last five years, i.e. between 2005-06 and 2009-10.

There are 14 PSs found in Howrah ZP. The Samities are divided into three strata namely, PSs where usage of agricultural land is lower (Stratum I), usage of agricultural land is higher (Stratum II) and rest close to urban areas (Stratum III). These divisions are made on the basis of classification made in the Report of the Zilla Parishad (placed on half-yearly Zilla Parishad Samsad meeting held on 10th January 2009 at Sarat Sadan, p.21).

In the 1\textsuperscript{st}, 2\textsuperscript{nd} and 3\textsuperscript{rd} stratum, there are 7, 5 and 2 PSs respectively. A random sample of 3 PSs is selected from stratum I; a random sample of 2 PSs are selected from Stratum II and all 2 PSs are taken from Stratum III. In Stratum I, 3 GPs are selected randomly from each selected PSs. In Stratum II, 3 GPs are selected randomly from each selected PSs. Lastly, in Stratum III, 3 GPs are selected randomly from each PSs. Needless to mention, in the present study is based on the principle of two-stage stratified sampling. It can be depicted in the table as below:

<table>
<thead>
<tr>
<th>Stratum No.</th>
<th>No. of PSs ((N_h))</th>
<th>No. of selected PSs ((n_h)) (Simple random sampling)</th>
<th>No of selected GPs from each selected PSs (Simple random sampling)</th>
<th>Total No. of selected GPs from selected PSs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stratum I (usage of agricultural land low)</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Stratum II (usage of agricultural land high)</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Stratum III (close to urban areas)</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>7</td>
<td>--</td>
<td>21</td>
</tr>
</tbody>
</table>

The primary data so collected is used to understand the actual practices the PRIs are following and how far there exists deviation from rules, regulations and basic theory of financial management system. For the purpose, some secondary sources of data are also considered for the study. The bulk
of secondary data constitutes socio-economic data of selected PSs and GPs. Data are collected on statutory provisions, executive orders relating to accounting and finance, composition of receipts and expenditure for the last ten years, audit report and information relating to different schemes under operation and so on. The existing literatures relevant to the study are counted as a source of secondary data.

The primary data were collected with the help of a checklist and extensive discussions were made with Pradhan (at GP level), Sabhapati (at PS level), Sabhadipati (at ZP level), Gram Sansad members, members of Sthayee Samiti(at PS level), Upa Samiti(at GP level) and Gram Unnayan Samiti, officials (e.g. Executive Assistants and Secretary at GP level, Panchayat Audit and Accounts Officer, Extension officer and Block Development Officer at PS level and Parishad Audit and Accounts Officer, Secretary, District Panchayat and Rural Development Officer at ZP level) members of District Council and other key informants. Their views on own resources, panchayat finances, accounting and budgeting practices were sought for. Their concept about accountability and fiduciary risks were also examined carefully.

Questionnaire

Two sets of questionnaire were administered with the specific objective of how far the PRIs in Howrah district so selected are complying with the laws, rules and procedures as prescribed by the State government from time to time and also to judge the present practices of financial management followed by those PRIs and to identify the areas of weakness in the light of contemporary financial management principles and techniques followed by government and not-for profit organisations. One set of questionnaire is meant for GPs which contains four sections namely, general, budget, accounting and financial reporting and finally auditing. The first section contains eight questions having focus on general information of GP. In budget section six questions are set to know how far the GP is complying with rules and procedures. The accounting and financial reporting section queries have been made in the next section to assess the present practices followed by the GP as well as to judge if there be any type of deviation from the generally accepted accounting principles. The last section deals with auditing aspect of GP.

The other set of questionnaire is meant for PSs. It also has four different sections and broadly classified into groups similar to its counterpart but the questions are different. The full set of questionnaires can be shown in Appendix—I.
Acts, Rules, Government Orders

Since the enactment of 73rd Constitution Amendment Act, the operations of PRIs in West Bengal, like other Indian States, have been radically changed. The state government has promulgated new rules, made amendment of Act and issued orders and notifications to ensure smooth and flawless operations of the PRIs. Besides, the Panchayat & Rural Development Department (P&RDD) has conducted a number of studies (mostly made by specialised agencies) to address issues relating to delivery of services to be made by the PRIs in West Bengal in the coming decades which also include problems and prospects of financial management. A thorough study has been made to the rules and regulations relating to keeping of accounting records and preparation of financial reports, budgeting, auditing aspects of PRIs. At the same time, the Annual Administrative Reports of P&RDD, Audit Reports of Examiner of Local Audit (ELA) under the office of C&AG, West Bengal and different studies as conducted by the State Government from time to time have been examined carefully to get idea and have understanding the depth of the issues relating to the financial management aspect of PRIs in West Bengal. The details of Act, Rules and Reports are shown separately in the reference section at the end.

Books and Articles

The financial management of government organisations has now been emerging one of the major important issues across the world. It has been well accepted that the government has to manage finances (public money) prudently and inform regularly the public what has been achieved with the use of public fund (World Bank, 2000). There are specialised bodies like Office of Management and Budget (OMB) of the USA government, National Treasury of Republic of South Africa, the World Bank and the Asian Development Bank who have continually been contributing to the development of the theory and practices of financial management of public and government organisations including local governments. These have provided useful information for the research. Besides, the emerging area of financial management of public sector organisation has attracted the attention of academia and practitioners in the field. This has resulted in the publication of a good number of books and articles on the subject which are, needless to mention, a major data source of the study.

THE STUDY PLAN

The study is divided into eight chapters. The opening chapter introduces several themes pertinent to the study. It first narrates background of the study identifying the basic need of financial management in PRIs as the financial activities including the process of revenue generation by these institutions need to be properly managed to optimize their goal. Thereafter, it discusses objective of
the study, academic significance of the study, limitation of the study, prior literature in the area of study, research design, data source and methodology and plan of the study.

Chapter two gives a framework of PRIs in general and West Bengal in particular. The chapter is divided into three major sections. While section-I discusses the origin and development of Panchayati Raj system in rural India, the section – II is devoted to discuss the Panchayati raj system as developed in West Bengal. In both the sections stresses have been given to work out how the development has been progressing in independent India. The final section narrates the demographic details of Howrah district with special emphasis on the developmental progresses of Panchayati raj system since inception.

In chapter three an endeavour is made to discuss the pattern of governance prevailing in Panchayati Raj system of West Bengal. It discusses financial governance and its importance in PRIs and then narrates structure of governance in GP, PS and ZP in West Bengal. In finance section, an overview of panchayat finance is also discussed giving special importance on internal resource mobilisation and fiscal power of PRIs, as entrusted with the Act, in generating resources out of own source of fund.

Chapter four is devoted to discuss the basic and fundamental issues relating to the government accounting and reporting with special reference to the system followed by Panchayats. The accounting system of governmental entities give stress on receiving, managing and expending public monies in accordance with the authority within the constitution, acts, financial regulations, and budgets. It also includes the system for managing cash releases, maintaining records of receipts and payments, and providing reports for monitoring and control. Keeping in view of the basic philosophy of government accounting and reporting, discussions are made on some basic issues like fundamentals of government accounting, framework of government accounting and fund concept, basis of government accounting and accountability. The financial reporting practices of PRIs in West Bengal is discussed in the next part of the chapter highlighting issues on budget, recording of transactions and preparation of financial reports by these institutions. The audit practices of PRIs are also discussed in the chapter.

In chapter five discussions have been made on analyzing the important factors and elements responsible for developing an effective financial management system of government organizations in general and PRIs in particular. The entire chapter is divided in three different sections for the purpose. The first section discusses the framework of financial management in government organisations highlighting the broad financial management objectives of government organisations,
basic elements of an effective financial management system of these entities. The next section
discusses the techniques of financial management in PRIs which contains cash management,
revenue management, expenditure management and asset management techniques. The last
section contains discussions relating to process of financial management in PRIs of West Bengal.

Chapter six is devoted to discuss the financial management practices followed by selected PRIs in
Howrah district. The data as generated from administering two sets of questionnaires, budget of
different years, prevailing Rules, government orders and notifications and other related documents
are examined carefully to prepare different tables and figures for analysing the prevailing system.
Some statistical techniques are applied to substantiate the results. The Chapter is divided into some
broad sections which include rule compliances, own source of income, revenue management,
expenditure management, asset management.

Chapter seven presents the research findings. The shortcomings of the present system of financial
management as practised by the PRIs in West Bengal in general and the Howrah district in particular
are identified and the factors which are responsible for such deficiencies are also located. The areas
include budgeting, accounting, utilisation of funds, internal control, implementation of schemes,
revenue, asset management and rules compliances and these are discussed under three separate
groups.

The last chapter, i.e. Chapter eight concludes the study. A number of specific suggestions have been
made so as to bring changes about the financial management system and practices of PRIs in West
Bengal in general and Howrah district in particular. It is expected that the suggestions may have
positive impact on the overall improvement of the efficiency and effectiveness of the PRIs as well as
to discharge the financial accountability of these institutions with the objective of safeguarding and
proper utilisation of public money as entrusted to them.