

E-Accounting of Finances of the Gram Panchayats in West Bengal - A Case Study Based on Gram Panchayats in Burdwan District

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Abstract

The accounting system of the Gram Panchayats of West Bengal has been change substantially from traditional system to electronic platform. The Gram Panchayats in West Bengal are practicing uniform and harmonised accounting system through Gram Panchayats Management System (GPMS) software. Most of the Gram Panchayats have converted their accounting system from manual to computer based accounting system. All the Gram Panchayats are using PGMS software for recording their day to day transactions. It is compulsory to record all the transactions and upload result in the respective webpage so as to it available to the general public.

GPMS (Gram Panchayat Management System) is a part of the e-Governance initiatives of the Panchayats & Rural Development Department of the Government of West Bengal. It is a program designed in-house by the Computerization Cell of the Department. The prime focus of this software is to standardize the accounting system of the PRIs and to make account keeping easy, transparent and comfortable to the users. Double Entry Cash Basis accounting system is followed in the software.

All the Districts in West Bengal now have considerable numbers of Gram Panchayats using the software on a regular basis. As a direct consequence, improvements, both qualitative and quantitative, in Gram Panchayat Accounting are now clearly visible. It is also open for public in general, especially for people who are interested in electronic Governance.

In this study an attempt has been made to assess to practical aspect of Gram Panchayat Management System software in the Burdwan District in West Bengal.

Keywords: GPMS, Panchayat, Burdwan, E-Accounting

I. Introduction

India is a village based federal country with the central, state and local governments. Gram panchayats are the basic units of Panchayati Raj Institutions and local governments in India. Generally, the village administration in India runs by gram panchayats to the some extend in addition to other administrative

mechanisms. In addition to that, gram panchayats perform different types of public welfare activities in villages. They implement different welfare schemes of the Central government and state government in addition to their own projects and functions.

A huge amount of public money is spent through the local governments like municipalities and gram panchayats. The expenditure budget of panchayats is noticeable and increasing day by day. Major social service schemes of the Central government and state government are implemented through the panchayat administrations. The nature of socio-economic development depends upon the successful functioning of gram panchayats in India.

A good accounting and controlling system strengthens the base and objectives of every institution. The same is true for the gram panchayats also. Without proper utilisation fund of the gram panchayats, it is not possible to develop the local economy in India. A good accounting system not only ensures the true application of public money, but also ensures social justice in village level.

1.1 Objectives of the Project: Gram panchayats are the basic units of public administration and wings of socio economic development of India. The main objectives of this project are reviewing the system of accounting and controlling of finance of gram panchayats of West Bengal and making recommendations to improve the system. The major objectives of this study are as follows:-

- (1) Assessing the present system of accounting of gram panchayats of the Burdwan district;
- (2) Assessing the present system of management of finance of the gram panchayats of Burdwan district;
- (3) Assessing the nature of controlling of finance of the gram panchayates of the Burdwan district; and
- (4) Assessing the financial audit system of the gram panchayats of Burdwan district and finding the strength and weakness of the audit system.

II. Review of Literature:

Ministry of Panchayati Raj, GOI, (2012) prescribed the Model Panchayat Accounting Manual for successful implementation of accounting system in gram panchayats in India.

Mishra A.K, Akhtar Naved & Tarika Sakshi (2011) in their paper entitled “Role of the Panchayati Raj Institution in Rural Development (An analytical Study of Uttar Pradesh) analysed the role of the Panchayati Raj Institution in Rural Development and the importance of financial management of Panchayati Raj Institutions for better functioning of Panchayati Raj Institutions.

Ministry of Panchayat Raj, GOI (2010) conducted a case study on Leepuram Gram panchayat for assessing the overall functioning of the gram panchayat. Dutta Jayanta (2013) in his paper entitled “Financial Management of Panchayats-An Overview of West Bengal” analysed the functioning of

panchayats in West Bengal and concluded with the statement that the panchayats should properly utilise their funds for pursuing ultimate objectives of PRIs.

III. Data Collection and Methodology:

Primary and secondary data have been collected for the purpose of the study. Primary data have been collected from the 24 gram panchayats of the Burdwan district. Similarly secondary data have been collected from the websites of the department of gram panchayats of West Bengal and other related websites.

From collecting primary data from the gram panchayats a questionnaire is set where 10 questions are relating to system of accounting of the gram

Panchayats and another 10 questions were set which were relating to controlling of finances.

After data collection and data compilation, the system of accounting and controlling finance is summarised. Finally, a comparative study of accounting and controlling system of finance of gram panchayats of the West Bengal and double entry accounting system is made.

IV. Overview of Gram Panchayats in West Bengal

West Bengal is on the eastern state of India, stretching from the Himalayas in the north, to the Bay of Bengal in the south. The state has a total area of 88,752 square kilometres (34,267 sq mi). The Darjeeling Himalayan hill region in the northern extreme of the state belongs to the eastern Himalaya. This region contains Sandakfu (3,636 m or 11,929 ft)—the highest peak of the state. The narrow Terai region separates this region from the North Bengal plains, which in turn transitions into the Ganges delta towards the south. The Rarh region intervenes between the Ganges delta in the east and the western plateau and high lands. A small coastal region is on the extreme south, while the Sundarbans mangrove forests form a geographical landmark at the Ganges delta.

V. Overview of Burdwan District

Bardhaman district is a district in West Bengal. It is located in the middle-west part of West Bengal. It is also known as Burdwan or Bardhaman. On 7 April 2017, the district was bifurcated into Purba Bardhaman district and Paschim Bardhaman district. Total area of this district before bifurcation was 7,024 km² (2,712 sq mi). Total population of this district as per last census (2011) is 7,723,663. The district is well connected by NH19, Grand Trunk Road, Panagarh highways, Morgram Highway and NH 14. It is also connected by Burdwan and Asansol rail stations. It was bounded on the north by Birbhun and Murshidabad districts, on the east by Nadia District, on the southeast by Hooghly District, on the southwest by Bankura and Purulia districts, and on the northwest by Dhanbad district of Jharkhand. The district had six sub-divisions: Asansol, Sadar (North), Sadar (South), Durgapur, Kalna, and Katwa.

VI. Gram Panchayat Management System (GPMS)

Gram Panchayat Management system (GPMS) is a software for recording financial transactions and other reports and information of the gram panchayats in the websites of the Department of Gram Panchayat of West Bengal. In 2008, an e-governance initiative has been taken with the objectives of

- (1) It based solutions for all major functions of GP;
- (2) Capacity building of GP;
- (3) Developing GP monitoring system
- (4) Developing integrated fund management system;
- (5) Developing social audit system and improved system for information dissemination;
- (6) Extensive use of GIS for planning and monitoring of GPs.

The other objectives of this initiative are

- (a) A tool for good governance
- (b) Better accounting and expenditure control
- (c) improving internal management and efficiency of panchayats
- (d) Better documentation and retrieval of records for improved transparency and disclosure of information to the citizen
- (e) Faster and objective planning and decision making
- (f) GIS based output /outcome monitoring better and convergent delivery of services to citizens.

The main components of DRISTI are

- (a) Gram Panchayat Monitoring System (GPMS) for accounting, financial management and citizen services
- (b) Fund management system for upper two tiers of Panchayat
- (c) DIMI- Use of GIS for decentralized planning and monitoring
- (d) Integration of above three components and making them available for citizens, CSO and other organizations for promoting transparency and social audit.

Use of ICT for better Financial Management of Gram Panchayats

For successful use of ICT, two software have been developed: Saral IFMS for accounts keeping of ZP and PS, and GPMS for gram panchayats with the following features;

- (a) Single point entry
- (b) Standardized head of accounts ;
- (c) Standardized final accounts
- (d) Rules have been revised for acceptance of computer generated outputs to be legally accepted
- (e) Monthly output to track expenditure and budgetary control

Outputs Generated from GPMS

The outputs generated features from GPMS are

- (a) Double column cash book
- (b) General ledger with sub ledgers
- (c) Debit and credit vouchers
- (d) Subsidiary cash book
- (e) Cheque issue and receipt registers
- (f) Receipts and payments accounts
- (g) Issue of birth and death certificate
- (h) Trade certificate
- (i) Managing revenue mobilisation of PRI particularly taxation

Institutionalization Efforts

For successfully application of the projects following steps have been taken;

- (a) All the GPs and PS have been provided with at least one computer and peripherals.
- (b) Posts of Block Informatics Officer & Data Entry Operator in 341 Block/PS.
- (c) Post of District Information Analyst and Computer Assistant in 18 ZP/ SMP.
- (d) New recruits in the post of Executive Assistants at GPs are having working knowledge in computer.
- (e) SIPRD and 5 ETCs have been strengthened for capacity building. Each ETC have computer Lab with 15 PCs

Process re-engineering has taken place including framing of rules, common agreement with Account General regarding audit procedure in ICT environment.

VII. Data Analysis

Data have been collected from secondary sources of the department of gram panchayat of West Bengal and primary data have been collected from 24 gram panchayats of the Burdwan district out of 277 GPs under purposive sampling method. The collected data have been tabulated in Excel and report generated.

Out of total selected above 24 gram panchayats, 24 uses computer in their accounting system. So, we can conclude that the gram panchayats of west Bengal successfully use computer in the accounting system. From the secondary data we can see that out of total 277 GPs of the Burdwan district, all the GPs have computerised their accounting system.

District	Total GP	Grade				Paperless	Not Installed
		A	B	C	D		
Bankura	190	14	2	0	174	133	0
Birbhum	167	50	2	1	114	167	0
Burdwan	277	156	7	4	110	277	0
Coochbehar	128	0	0	0	128	66	0
Dakshin Dinajpur	65	52	6	6	1	55	0
Darjeeling	134	0	0	0	134	11	0
Hooghly	207	60	0	3	144	207	0
Howrah	157	59	0	8	90	157	0
Jalpaiguri	146	11	1	1	133	124	0
Malda	146	91	32	21	2	79	0
Murshidabad	254	172	30	36	16	23	0
Nadia	187	8	0	0	179	110	0
North 24-Parganas	200	0	0	0	200	120	0
Paschim Midnapore	290	0	0	0	290	225	0
Purba Midnapore	223	0	0	0	223	223	0
Purulia	170	75	31	47	17	62	0
South 24-Parganas	312	24	11	13	264	79	0
Uttar Dinajpur	98	0	0	0	98	19	0
Total :-	3351	772	122	140	2317	2137	0

Entry Lag Behind Up to 15 Days || Excellent

Entry Lag Behind 16 To 30 Days || Good

Entry Lag Behind 31 To 60 Days || Poor

Entry Lag Behind More Than 60 Days || Not Working

As on 31-3-2017, out of total 3351 gram panchayats in West Bengal 2137 gram panchayats ranked as paperless gram panchayats which indicates 63.77% of gram panchayats ranked paperless. In case of Burdwan district, out of total 277 gram Panchayates, 277 gram Panchayates ranked as paperless gram panchayates which means 100% of gram Panchayates of the Burdwan district ranked and marked as paperless gram panchayates.

The gram panchayats are ranked as “A”, “B”, “C” and “D” based on data update in the GPMS. The panchayats updated entries behind 15 days lag ranked as “A”, 30 days lag ranked as “B” and so on. From the table 2 it is seen that out of total 3351 gram panchayates in West Bengal 772 gram panchayats ranked

as “A” gram panchayat which indicates 23.03% of gram panchayat ranked as “A”. Similarly, Out of total 3351 gram panchayats in West Bengal 122 gram panchayats ranked as “B” gram panchayat which indicates 3.06% of gram panchayat ranked as “B”. On the other hand out of total 3351 gram panchayats in West Bengal 140 gram panchayats ranked as “C” gram panchayat which indicates 4.17% of gram panchayates ranked as “C”. And finally, out of total 3351 gram panchayates in West Bengal 2317 gram panchayats ranked as “D” gram panchayat which indicates 69.14% of gram panchayates ranked as “C”

In Case of Burdwan District, out of 277 gram panchayats, 156 ranked as “A”, 7 gram panchayats ranked as “B”, 4 gram panchayats ranked as “C” and 110 ranked as “D” which indicates, 56.31% gram panchayates, ranked as “A”, 2.5% of gram panchayates ranked as “B”, 1.44% of gram panchayates ranked as “C” and 39.71% of gram panchayates ranked as ranked as “D”

Table 3 depicts the comparative rank of the total gram panchayats of West Bengal and total gram panchayats of the Burdwan district. Out of total 277 GPs of the Burdwan district, 277 ranked as paperless which indicates 100% paperless GPs of the Burdwan district where as out of total 3351 GPs of the West Bengal, just 2137 GPs ranked as paperless GPs which indicates 62.77% of total GPs of the West Bengal ranked as paperless GPs. Similarly, we can see the percentage of “A” grade GP of the Burdwan district is higher as compared to the percentage of “A” grade GPs of the West Bengal.

Percentage of Qualification of Accountant

QUALIFICATION	NO.	Percentage
Degree	15	63%
Matriculation	3	13%
HS	2	8%
PG	4	17%
Total	24	100%

Source: Own computation from primary data

From the above table and chart it is seen 63% of the accountants’ have degree (BA/BSC/B.COM), 13% of the accountants passed matriculation examination, 8% of the accountant passed Higher Secondary examination and 17% of the accountant passed post graduate degree. Most of them have no technical education of computer but most of them have a little knowledge on the basic functioning of computer. A great support is available from GPMS team.

Percentage of Tenders in Different Option

Tender Type	No.s	Percentage
Hard Copy	16	67%
hard Copy+ Processing for E-tender	3	13%
Hard copy up to Rs. 50,000.00	1	4%
Hard copy up to Rs. 50,0000.00	2	8%
E-tender	2	8%
Total	24	100%

From the above two tables it is seen out of twenty four gram Panchayates, 16 gram panchayats follow traditional method while issuing tender for purchase or works order, two gram Panchayates issue e-tender for purchase or issuing works order, one gram panchayat reported that the use paper form up to the value of work or purchase up to Rs 50,000.00 and two gram Panchayates reported that they issue e-tender beyond purchasing or works order worth of Rs 500,000.00. So, from the above calculation it is seen that only eight percent of gram Panchayates of the Burdwan district successfully issue e-tender, thirteen percent of gram Panchayates under process for converting their tender method from physically to e-tender.

Uploading of 26 in the GPMS (Online)

GPMS is an online portal where the required information is uploaded for e-governance and public interest. The data of the above table is collected on 31-3-2017 from the websites of the department of gram panchayat of West Bengal. Regarding uploading of from 26 the position of the Burdwan district is very good as compare to other district of the state.

Tabel-15		
Upload 26 as on 31-3-2017 of February 2017		
SL. NO.	DISTRICT	Ratio of FEB
1	BANKURA	98%
2	BIRBHUM	88%
3	BURDWAN	97%
4	COOCHBEHAR	71%
5	DAKSHIN DINAJPUR	92%
6	DARJEELING	16%
7	HOOGHLY	98%
8	HOWRAH	99%
9	JALPAIGURI	79%
10	MALDA	90%

11	MURSHIDABAD	81%
12	NADIA	91%
13	N. 24-PARGANAS	74%
14	w. IDNAPORE	96%
15	PURBA MIDNAPORE	97%
16	PURULIA	67%
17	S. 24-PARGANAS	62%
18	UTTAR DINAJPUR	88%
TOTAL UPLOADED :		83%

Table 15 represents the ratio of 26 uploaded of the February as on 31-3-2017. Out of total 3351 gram panchayats, 2790 gram panchayats have uploaded their form 26 as on 31-3-2017 which represents 83% total gram panchayats have uploaded their form 26 of February as on 31-3-2017. In case of Burdwan district, out of total 277 gram panchayats 268 gram panchayats have uploaded their form 26 as on 31-3-2017 which represents 97% of the gram panchayats of Burdwan District have uploaded their form 26 as on 31-3-2017. So, from this analysis it is clear that the performance of the Burdwan district in respect to uploading form 26 is much better as compare to the average ratio of all the districts of West Bengal.

VIII. Summarized Findings of the Study

particulars	Findings
(1) Accounting System	Computerised single Entry System
(2) Journal	Not systematically followed
(3) Ledger	Partially Mentioned
(4) Trial Balance	Not Prepared
(5) Cash book	Double Column Cash book Regularly Prepared
(6) Bank Reconciliation Statement	Prepared
(7) Income Expenditure	Not Prepared in all gram panchayats
(8) Balance Sheet	Not Regularly prepared
(9) Cash Flow Statement	Not Prepared
(10) Accounting Basis	Cash Basis
(11) Internal Control	Absent
(12) Internal Check	Present
(13) Internal Audit	Provision is there PAO
(14) Statutory Audit	External Auditor CAG
(15) Audit Report	Format Oriented

(16) Accountant	Not Specialised
(17) Reporting	Not Regularised
(18) Accounting Standard	Absent
(19) Budgeting	Format Oriented
(20) Stock/Stores Leger	Not maintained

IX. Limitations of Accounting and Audit System of Gram Panchayats

From the above findings we can summarize the limitations of gram panchayat accounting system of West Bengal

- (1) **Single Entry System:** The single entry accounting system is followed in gram panchayats accounting. As per single entry system all aspects of accounts are not recorded. Rather, very important part of accounts is recorded in this system.
- (2) **Absence of Internal Check:** No trial balance is prepared at the end of the working day, week, month or year. As a result, the chance of checking arithmetical accuracy within the accounting system is nil.
- (3) **Accountant:** The accounts are prepared by secretary of gram panchayats and qualified accountant is not recruited for the accounting purposes. Professional qualification and technical knowledge of the accountants are poor.
- (4) **Cash Basis:** The accounts are prepared following the principles of cash basis. But to exhibit a true and fair position of the financial position of the gram panchayat, the credit transactions need to be considered.
- (5) **Auditing:** The audit report is format oriented and the chances of expressing actual audit report is limited. The audit report is not accessible to the general public of the gram panchayat.
- (6) **Balance Sheet:** No systematic balance sheet is prepared by the most of the gram panchayats in West Bengal. As a result there is no true and fair position of the assets of the gram panchayat is available. In addition to that there is a chance of inoccupation of public property by selfish public. But if balance sheet is prepared and list of all the social assets are recorded then the chances of misuses and inoccupation of public property will be reduced.
- (7) **Cash book:** Double cash book is prepared by the gram panchayats in West Bengal. No general journal is prepared in the case of gram panchayat accounting. As a result there is a chance of not recording all transactions and financial event of the gram panchayat.
- (8). **Accounting Standard:** There is no accounting standard so far as like corporate accounting standard but there is some guidelines regarding book keeping.
- (9) **Budgeting:** Format oriented budget is prepared traditionally.
- (11) **Store Leger:** Stores ledgers are temporarily maintained.

(12) Bank Reconciliation Statement: Bank reconciliation statement is regularly prepared to check the cash balance and bank balance in the attached format with the cash book. No separate bank reconciliation statement is prepared.

(13) Reporting: The reporting of accounting information is not standardized

(14) Use of Computer: Computer is used partially for book keeping but GPMS is not successfully implemented.

X. Recommendations

From the above analysis, discussion we have some recommendations regarding system of accounting and control of finance of the gram panchayats of West Bengal which are as follows

(1) Introduction of Double Entry Rules of Accounting: Double entry rules of accounting ensure recording of all transaction of the organisation. If accounting system is based on these principles, better accounting may be possible.

(2) Introduction of Standard Costing: Standard costing helps in control the cost of every project. If it is implemented, better cost control can be done.

(3) Introduction of Public Audit: In public audit system, full utilisation of public money is possible. If it is implemented, better performances can be expected.

XI. Conclusion

The gram panchayats are the local government in Indian villages. They play a vital role for the socio-economic development of the rural economy. In addition to that they implement the different development projects for poverty alleviation, developments and maintenance of village roads, local employments etc as and when undertaken by the central and states governments in India.

A huge amount of public money is expended through the gram panchayats in India. For proper utilisation of public money a sound accounting and control system is essential. Without a sound accounting system it is hardly possible to cater the purpose of Panchayati Raj Institution.

The Gram Panchayats in West Bengal are practicing uniform and harmonised accounting system through Gram Panchayates Management System (GPMS) software. Most of the Gram Panchayats have converted their accounting system from manual to computer based accounting system. All the Gram Panchayats are using PGMS software for recording their day to day transactions. It is compulsory to record all the transactions and upload result in the respective webpage so as to it available to the general public.

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To make the accounting in Gram Panchayats even more transparent, monthly statements of accounts have also been made available at the website in the form number 26. The concerned Gram Panchayats themselves upload these reports directly to the website. Efforts are on to make the audit reports also available for public viewing.

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