

**CHAPTER II**

**FINANCIAL MANAGEMENT**  
**AND**  
**BUDGETARY CONTROL**



## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** This Chapter outlines the results of audit of Appropriation Accounts of the Government of Bihar with due regard to the aspects of financial accountability and budgetary practices. Appropriation Accounts are accounts of expenditure, voted and charged of the Government, for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts list the original grants/appropriations, supplementary grants, surrenders and reappropriations distinctly and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under the various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2009-10 against 51 grants/appropriations was as given in **Table 2.1**.

**Table 2.1: Actual Expenditure *vis-a-vis* Original/Supplementary provisions**  
(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	31647.48	4091.88	35739.36	29021.73	(-)6717.63
	II Capital	9417.03	1243.78	10660.81	7334.54	(-)3326.27
	Loans and Advances	430.16	568.02	998.18	896.78	(-)101.40
<b>Total Voted</b>		<b>41494.67</b>	<b>5903.68</b>	<b>47398.35</b>	<b>37253.05</b>	<b>10145.30</b>
<b>Charged</b>	IV Revenue	4235.51	15.51	4251.02	3751.98	(-)499.04
	V Capital	0.00	0.00	0.00	0.00	0.00
	Public Debt-Repayment	1884.11	0.50	1884.61	1982.99	(+)98.38
<b>Total Charged</b>		<b>6119.62</b>	<b>16.01</b>	<b>6135.63</b>	<b>5734.97</b>	<b>400.66</b>
<b>Appropriation to Contingency Fund (if any)</b>		0.00	0.00	0.00	0.00	0.00
<b>Grand Total</b>		<b>47614.29</b>	<b>5919.69</b>	<b>53533.98</b>	<b>42988.02</b>	<b>(-)10545.96</b>

(Source: Appropriation Accounts, Govt. of Bihar)

**Note:** The expenditure includes recoveries of revenue expenditure amounting to ₹ 189.50 crore and recoveries of capital expenditure amounting to ₹ 2.44 crore adjusted as reduction of expenditure.

A total provision of ₹ 53533.98 crore was made by the Government in the Budget for 2009-10, of which, ₹ 42988.02 crore was utilized during the year, leaving an unutilized balance of ₹ 10545.96 crore.

The overall supplementary provision was injudicious as the amount of savings of ₹ 10545.96 crore was much more than the supplementary provision of ₹ 5919.69 crore. Under Revenue Voted, against the supplementary provision of ₹ 4091.88 crore, the savings were ₹ 6717.63 crore and under Revenue Charged, against the supplementary provision of ₹ 15.51 crore, the savings were ₹ 499.04 crore. Under Capital (including Loans and Advances) Voted, against the supplementary provision of ₹ 1811.80 crore, savings were ₹ 3427.67 crore. There were savings of ₹ 10644.34 crore in 46 grants and four appropriations. After offsetting an excess of ₹ 98.38 crore in one appropriation under the Loan Section, there was net saving of ₹ 10545.96 crore.

The savings or excesses as per the detailed Appropriation Accounts were intimated (May 2010) by Accountant General (A&E) to the Controlling Officers, requesting them to explain the significant variations. The departments concerned had not submitted the reasons for the substantial savings or excesses (November 2010).

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriation *vis-à-vis* Allocative Priorities**

All departments of the Government are required to prepare their budget estimates, keeping in view relevant factors such as the trends in the economy, actual expenditure during the last three years etc. However, these tenets of budget formulation and budget management were not adhered to, resulting in injudicious appropriation of funds. The outcome of audit of appropriations revealed that in 38 grants, the savings exceeded ₹ 10 crore in each case or by more than 20 *per cent* of the total provision, resulting in an aggregate savings of ₹ 10589.32 crore during 2009-10 (**Appendix 2.1**).

Of the total savings of ₹ 10644.34 crore, savings of ₹ 10028.49 crore (94.21 *per cent*) occurred in 30 cases relating to 25 grants/appropriations as indicated in **Appendix 2.2** (more than ₹ 50 crore and above in each case). The major savings occurred in departments like the Human Resources Development Department (₹ 2277.25 crore); Water Resources Department (₹ 1622.84 crore); Urban Development and Housing Department (₹ 652.08 crore); Rural Works Department (₹ 621.57 crore) and Planning and Development Department (₹ 549.68 crore). The reasons for the savings have not been intimated (November 2010).

### **2.3.2 Persistent Savings**

In 11 cases, during the last five years, there were persistent savings of more than ₹ 20 crore in each case, which was 10 to 100 *per cent* of the total grants (**Appendix 2.3**). Reasons for persistent savings have not been intimated (November 2010).

### **2.3.3 Expenditure incurred without provision**

As per the Bihar Budget Manual, no expenditure should be incurred on a scheme or service without the provision of funds. It was, however, noticed that

expenditure of ₹ 498.10 crore was incurred in two cases under Appropriation No.14 in Head 6003-Internal Debt of the State Government 101-Market Loans under Non-Plan, Bihar State Development Loan 2009 and Bihar State Development Loan 2010. While there was no provision in the original appropriation, no supplementary demand or re-appropriation efforts were made by the Finance Department resulting in unauthorized expenditure. The reasons for the non-provision of funds have not been intimated by the department (November 2010). The possibility of financial irregularities remaining unexamined due to non-furnishing of explanation by the department cannot be ruled out.

**Table 2.2: Expenditure incurred without provision during 2009-10**

(₹ in crore)

Number and Name of Appropriation		Amount of expenditure without provision	Reasons/Remarks
Appropriation No.	Appropriation		
14	Re-payment of Bihar State Development Loan, 2009 6003-00-101-0011	199.30	No reasons have been intimated
	Re-payment of Bihar State Development Loan, 2010 6003-00-101-0012	298.80	No reasons have been intimated
<b>Total</b>		<b>498.10</b>	

(Source: Appropriation accounts, Govt. of Bihar)

### 2.3.4 Excess Expenditure requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature after obtaining the recommendation of the Public Accounts Committee (PAC). However, expenditures amounting to ₹ 7081.27 crore for the year (1977-2009) was pending regularization as shown in **Appendix 2.4**. Of this, regularization of excess expenditure amounting to ₹ 5111.06<sup>1</sup> crore pertaining to the period from 1999-2000 to 2003-04 was discussed in the PAC (September 2010) but their recommendation report and Gazette notification are awaited

Further, during 2009-10, in Appropriation No. 14- "Repayment of Loans" under Charged Capital head, an expenditure of ₹1982.99 crore were incurred against the total appropriation of ₹ 1884.61 crore, aggregating excess expenditure of ₹ 98.38 crore which also required regularization.

In most of the grants, obtaining inadequate supplementary provisions led to excess expenditure indicating lack of appropriate financial management by the controlling officers. The possibility of financial irregularities remaining unearthed due to delayed/non-furnishing of explanation of excess expenditure cannot be ruled out.

### 2.3.5 Unnecessary/Inadequate supplementary provision

Supplementary provisions (₹ 10 lakh and more in each case), aggregating ₹ 1879.53 crore, obtained in 37 cases (33 grants/appropriations) during the year, proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Appendix 2.5**. Out of the total supplementary provision

<sup>1</sup> Grants no.5,10,13,14,15,32,47 & 50 (₹ 5111.06 crore )

of ₹ 1879.53 crore sought for, ₹ 862.62 crore pertained to Grant No.21 (Human Resources Department) (under Revenue Voted Section) wherein savings was to the extent of ₹ 1251 crore.

Similarly, under the Capital Voted Section of Grant No.49 (Water Resources Department) in which savings out of the original provision were ₹ 1210.77 crore, further supplementary provision of ₹ 204.51 crore proved to be unnecessary.

In one case (Appropriation No.14), supplementary provision of ₹ 0.50 crore obtained in July 2009 proved insufficient, leaving an aggregate uncovered excess expenditure of ₹ 98.38 crore.

Scrutiny of Appropriation No.14 shows that supplementary grant of ₹ 0.50 crore and surrender of ₹ 1.66 crore on 31<sup>st</sup> March 2010 also proved injudicious.

From the above facts, it is clear that the supplementary provisions were made without assessing the actual requirements. It also indicated lack of control on the part of controlling authorities to review the expenditure.

### **2.3.6 Excessive/unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases were noticed where additional funds provided by re-appropriation of ₹ 499.28 crore proved excessive and resulted in savings of ₹ 162.59 crore in 46 sub-heads under 11 grants as detailed in **Appendix 2.6**. Similarly, in six cases involving six grants, withdrawal of ₹ 280.10 crore through re-appropriation when there was excess expenditure of ₹ 407.95 crore in these grants as detailed in **Table-2.3** was injudicious.

**Table 2.3: Unnecessary withdrawal through re-appropriation of funds**

(₹ in crore)					
Sl. no.	Grant No.	Head of Accounts and Description	Provision (O+S)	Re-appropriation	Final Excess(+)/ Saving (-)
1	14	6004-02-105-0001-Consolidated loan	384.93	-0.50	+385.43
2	17	2040-00-101-0001-District charges	51.37	-11.17	+2.72
3	21	2202-02-196-0001-Consolidated grant to Zila Parishad Secondary teacher	163.92	-99.37	+4.61
4	22	2056-00-101-0001-Central Jail	41.63	-6.29	+0.80
5	23	2851-00-107-0001-Development of Sericulture	7.51	-6.94	+2.20
6	49	4700-03-800-0101-Irrigation project for Sone Basin	186.95	-155.83	+12.19
		<b>Total</b>	<b>836.31</b>	<b>-280.10</b>	<b>+407.95</b>

(Source: Grants Register & Detailed Appropriation Accounts, Government of Bihar)

Under Head 6004-“Internal debt of the State Government 0001 consolidated loan” of Grant No.14, ₹ 50 lakh was withdrawn by re-appropriation whereas excess expenditure to the tune of ₹ 385.43 crore occurred.

Similarly, under Head 4700-“Capital outlay on Major irrigation, 800-Other expenditure, 0101-Irrigation project for Sone Basin” under Grant No. 49, ₹ 155.83 crore was withdrawn by re-appropriation whereas excess expenditure of

₹ 12.19 crore was incurred. Instead of providing additional funds to meet additional requirements, withdrawal of funds reflected poor financial management.

Further, in 37 cases, withdrawals through re-appropriation of ₹ 1212.51 crore were insufficient as despite the withdrawals, there were savings of ₹ 294.62 crore as detailed in **Appendix 2.7**. These instances indicated that Controlling Officers failed to anticipate actual requirements/savings of funds under these heads.

### 2.3.7 Substantial surrenders

As per Rule 112 of the Bihar Budget Manual, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated, without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at that time so that funds could be utilized for other development activities.

In 26 grants/appropriations and 126 sub-heads, out of a total provision of ₹ 5500.46 crore, funds amounting to ₹ 3673.56 crore (₹ 50 lakh and above in each case) were surrendered as indicated in **Appendix 2.8** on account of either non-implementation or slow implementation of schemes/programmes. There was 100 *per cent* surrender of funds (₹ 522.15 crore) in 69 schemes under 25 grants/appropriations (**Appendix 2.9**) due to non-implementation of schemes.

### 2.3.8 Surrender in excess of actual savings

In eight cases, the amount surrendered (₹ 50 lakh and more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 462.46 crore, the amount surrendered was ₹ 483.40 crore, resulting in excess surrender of ₹ 20.94 crore. Details are given in **Appendix 2.10**.

### 2.3.9 Anticipated savings not surrendered

In 25 grants/appropriations, at the close of the year 2009-10, there were savings of ₹ 5860.54 crore, (₹ one crore and above and more than 10 *per cent* of provision in each case), of which ₹ 3182.17 crore (54.30 *per cent* of the total savings) was not surrendered as indicated in **Appendix 2.11**.

In Grant No. 8 (Art, Culture and Youth Department) there was saving of ₹ 11.13 crore but no part of that had been surrendered by the concerned department.

Besides, in 43 cases, ₹ 6063.33 crore (more than 10 crore in each case), was surrendered on the last two working days of March 2010 (**Appendix 2.12**).

This shows that the Controlling Officers failed to discharge their basic responsibility of being accountable for budgetary control and these funds could not be utilized for the purposes for which they were allotted as well as for other developmental activities in the State.

### 2.3.10 Rush of Expenditure

As per Rule 113 of the Bihar Budget Manual, uniform flow of expenditure during a financial year is a primary requirement of budgetary control. Rush of expenditure, particularly in the closing month of the financial year is regarded as a

breach of financial rules. The position in respect of expenditure (Revenue and Capital) for the last quarter is depicted in **Appendix 2.13**, which shows that the expenditure incurred in the quarter ending March 2010, was 63 to 100 *per cent* and in the month of March 2010 alone it was 51 to 100 *per cent* of the total expenditure. This indicates deficient financial management, lack of effective control over expenditure by the controlling officers and a tendency to utilize the budget only at the fag end of the financial year.

## **2.4 Un-reconciled Expenditure**

Rules 475 (viii) of the Bihar Financial Rules requires that heads of departments and Accountant General (A&E) should reconcile monthly the departmental figures of expenditure with those booked in the books of Accountant General (A&E). Although non-reconciliation of departmental figure had been pointed out regularly in Audit Reports, in 80 out of 103 major heads, heads of departments had not reconciled expenditure amounting to ₹ 37571.49 crore (exceeding ₹ 10 crore in each case) against the total expenditure of ₹ 39916.27 crore during 2009-10 as shown in **Appendix 2.14**. Out of these 80 Major Heads, ₹ 25113.91 crore (66.84 *per cent*) were related to nine Major<sup>2</sup> Heads.

## **2.5 Advances from Contingency Fund**

The Contingency Fund of the State had been established under the Bihar Contingency Fund Act, 1950. In terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India, advances from the fund are to be given only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. During 2009-10, Government sanctioned 197 withdrawals amounting to ₹ 1175.52 crore (2.20 *per cent* of total budget provision), of which 66 withdrawals amounting to ₹ 1015.78 crore (**Appendix 2.15**) were for routine purposes such as purchase of motor vehicles, office expenditure, pay and allowances, assistance to farmers, crop premium etc. Although these were foreseeable expenditure, advances were drawn from the Contingency Fund of the State. The entire amount had, however, been recouped during the year.

## **2.6 Error in Budgeting**

No provision was made under Major Head 2210-01-102-0101 in Grant No.26 and the amount was wrongly included in Major Head 2210-01-102-0101 under Grant No.20.

On this being pointed out (August 2010) the Finance Department intimated (September 2010) that the expenditure was being incurred under Head 2210-01-102-0101 and requested the Accountant General (A&E) to transfer an amount of ₹ 10 crore to Grant No.26.

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<sup>2</sup> 2049-Interest Payment, 2055-Police, 2071-Pensions and other retirement benefits, 2202-General Education, 2210-Medical & Public Health, 2217-Urban Development, 2235-Social Security and Welfare, 2515-Other Rural Development Programmes and 5054-Capital Outlay on Roads and Bridges



The matter points not only towards wrong budgeting but also indicates lapse of control over expenditure without provision. The State should develop a mechanism to prevent drawals without budget provisions.

## Review of Selected Grants

A review of the budgetary procedures and control over expenditure was conducted (September/October 2010) in respect of 'Grant No. 35-Planning & Development Department' and 'Grant No. 39-Disaster Management Department' in which significant savings were noticed during 2009-10. Important points noticed during the review are detailed below:-

### 2.7 Review of Grant No.35 'Planning & Development Department'

#### 2.7.1 Heavy savings

There was an overall saving/surrender of ₹ 549.68 crore (69.81 per cent) against the provisions of ₹ 787.34 crore (original ₹ 785.93 crore and supplementary ₹ 1.41 crore) as detailed in **Table 2.4**. Such a huge saving is in itself, indicative of unrealistic assessment of budget estimates and laxity in budgetary control procedures.

**Table 2.4: Details of Savings**

(₹ in lakh)

Revenue Head	Original	Supplementary	Total	Expenditure	Surrender	Saving
2052	1253.23	26.06	1279.29	654.05	297.99	327.25
2053	74263.30	60.50	74323.80	21066.92	1596.60	51660.28
3451	188.39	20.05	208.44	200.50	7.94	Nil
3454	2888.22	34.00	2922.22	1844.63	1047.02	30.57
<b>Total</b>	<b>78593.14</b>	<b>140.61</b>	<b>78733.75</b>	<b>26336.10</b>	<b>2949.55</b>	<b>52018.10</b>

(Source: Detailed Appropriation Accounts, Govt. of Bihar)

Note:- Overall saving equal to addition of saving and surrender amount.

Thus overall saving = 52018.10 + 2949.55 = 54967.65 lakh = 549.68 crore.

#### 2.7.2 Non-utilization of provision

As per the Bihar Budget Manual, the grants made by the legislature were to be used in the manner and for the purposes for which these were intended according to laws/rules and regulations made thereunder. However, it was seen that in four sub heads under Major Head '3454-Sensus Surveys and Statistics,' the original provision of ₹ 1.45 crore (**Table 2.5**) remained completely unspent without any re-appropriation being made. This shows that periodical review of expenditure under these sub-heads were not being done as required.

On this being pointed out (October 2010), the Planning & Development Department stated (October 2010) that in most of the cases, the amounts were surrendered due to non-sanction of plans except in one case in which funds were surrendered due to non-releasement of allotted funds by Government of India.

**Table:2.5 Non-utilisation of entire provisions**

(₹ in lakh)

Sl. no.	Head of Accounts	Purpose	Amount	Expenditure	Surrender amount	Details of surrender
1.	3454-02-204-0103	Training of statistical worker	35.00	Nil	35.00	Letter no./dt 32/31.03.10
2.	3454-02-204-0107	Computerization of statistical machine	20.00	Nil	20.00	31/31.03.10
3.	3454-02-204-0111	Creation of District/ Divisional unit	40.00	Nil	40.00	29/31.03.10
4.	3454-02-204-0401	Economic census	50.00	Nil	50.00	22/31.03.10
	<b>Total</b>		<b>145.00</b>		<b>145.00</b>	

(Source: Appropriation Accounts, Govt. of Bihar)

### 2.7.3 Belated surrender resulting in non-reappropriation for utilization of funds

As per Rule 112 of the Bihar Budget Manual, Controlling Officers should surrender to the Finance Department, all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known, for utilisation of funds by the Finance Department for other purposes. Issuance of surrender orders at the end of the year should be avoided.

However, in violation of these instructions, ₹ 357.42 crore (Table 2.6) was surrendered on the 31 March 2010, resulting in non-utilisation of funds for other developmental activities.

On this being pointed out (October 2010), the Planning and Development Department stated (October 2010) that re-appropriation of funds of ₹ 1.38 crore, wherever possible, had been made (October 2009). The reply is not acceptable because surrender on the last day of financial year, was against the rules and the amount re-appropriated was only 0.39 per cent of the total amount surrendered on 31 March 2010.

**Table 2.6: Belated Surrenders resulting in Non-utilization of Funds**

(₹ in lakh)

Sl. No	Head of Accounts	Purpose	Original provision	Supplementary Provision	Expenditure	Saving	Surrender	Details of surrender
1.	2052-00-090-0103	Strengthening of planning machinery	865.00	20.00	302.76	327.24	255.00	Letter no./dt. 1192/31.03.10
2.	2053-00-800-0102	Strengthening of planning machinery	52563.15	35.00	12159.56	40438.59	35427.27	1196/31.03.10
3.	3454-02-204-0114	Strengthening of civil Registration system	107.00	Nil	25.06	22.36	59.58	28/31.03.10
							<b>35741.85</b>	

(Source: Appropriation Accounts, Govt. of Bihar)

### 2.7.4 Unnecessary Supplementary Provisions

Supplementary provisions are sought to meet the additional requirement of funds for expenditure for which original provisions are insufficient. However, the Planning & Development Department obtained unnecessary supplementary provisions for three sub-heads, (Table 2.7) though not required, resulting in savings over and above the supplementary provision. Thus, supplementary

provisions of ₹ 80.50 lakh obtained under revenue heads proved fully unjustified. No reply had been furnished by the department.

**Table 2.7: Unnecessary Supplementary Provision**

(₹ in lakh)

Sl. no.	Head of Accounts	Provision (Original)	Supplementary Provision date	Total Provision	Surrender	Details of surrender
1.	2052-00-090-0103	865.00	20.00 05.01.10)	885.00	255.00	Letter no./dt 1192/ 31.03.10
2.	2053-00-094-0007	700.15	25.50 05.01.10)	725.65	96.60	1193/ 31.03.10
3.	2053-00-800-0102	52563.15	35.00 05.01.10)	52598.15	35427.27	1196/ 31.03.10
			<b>80.50</b>			

### 2.7.5 Difference in surrender and expenditure figures due to non-reconciliation

Under the provisions of Rules 122 and 134 of the Bihar Budget Manual, departments have to ensure that the figures of Provisions, Supplementary Provisions, Re-appropriation, Expenditure, Surrender & Savings are reconciled with the 'Detailed Appropriation Accounts' prepared by the office of the Accountant General(A&E) immediately after close of the financial year. To facilitate this process in a timely fashion, the last date for reconciliation of figures relating to 2009-10 was fixed at 28 June 2010 by the A.G. (A & E). However, proper reconciliation was not carried out by the department, resulting in the differences in figures of surrenders and expenditure amounts in most of the cases as shown below. This resulted in the surrendered amount of ₹ 522.09 crore (Table 2.8) being short exhibited in the 'Detailed Appropriation Accounts.'

**Table 2.8: Surrender not exhibited in the "Detailed Appropriation Account" due to non-reconciliation of expenditure figures**

(₹ in lakh)

Head of Accounts	Letter no by which surrender was made	Purpose	Surrender Amount
2052-00-090-0103	3922/3.12.09	Strengthening of planning machinery	550.00
2053-00-800-0102	1196/31.3.10	Strengthening of planning machinery	35427.27
2053-00-800-0102	3923/3.12.09	Strengthening of planning machinery	5698.00
2053-00-800-0104	3924/3.12.09	Rashtriya Samvikas Yojana (Efforts for Backward Districts)	10500.00
3454-02-204-0114	1963/23.9.09	Strengthening of civil registration system	34.00
		<b>Total</b>	<b>52209.27</b>

As far as expenditure is concerned, in five cases ₹ 10.13 crore was excess exhibited in the 'Detailed Appropriation Accounts' against the departmental expenditure figures, whereas in another three cases, ₹ 8 lakh was short exhibited in the "Detailed Appropriation Account" as compared to departmental expenditure figures (Table 2.9).

**Table 2.9: Difference in figures of expenditure due to non-reconciliation**  
(₹ in lakh)

Head of Accounts	Expenditure as per Department	Expenditure as per Detailed Appropriation Account	Difference
2052-00-090-0103	59.999	302.755	(+)242.756
2053-00-800-0102	11437.875	12159.555	(+)721.680
3454-02-204-0002	828.691	828.694	(+)0.003
3454-02-204-0114	13.421	25.05	(+)11.629
3454-02-204-0409	53.293	90.563	(+)37.270
3454-02-111-0001	444.384	439.511	(-)4.873
3454-02-204-0001	241.694	241.334	(-)0.360
3454-02-204-0605	29.328	26.223	(-)3.105
<b>Total</b>	<b>13108.685</b>	<b>14113.685</b>	

Note: (i) Plus (+) sign in difference column shows excess exhibition in the "Detailed Appropriation Account" with respect to departmental expenditure figures. There were five excess expenditure cases of ₹10.13 crore

(ii) Minus (-) sign in difference column shows short exhibition in the "Detailed Appropriation Account" with respect to departmental expenditure figures. There were three short expenditure cases of ₹ 8.338 lakh.

## 2.8 Review of Grant No.39-"Disaster Management Department"

### 2.8.1 Heavy savings

There was an overall saving of ₹ 504.10 crore (75.22 per cent) against the provisions of ₹ 670.12 crore (original ₹ 422.63 crore & supplementary ₹ 247.49 crore) (Table 2.10). Such a huge saving was in itself indicative of unrealistic assessment of budget estimates and laxity in budgetary control procedures.

**Table 2.10: Details of Savings**

Revenue Head	Original	Supplementary	Total	Expenditure	Surrender	Saving
2070	128.35	73.28	201.63	133.71	64.15	3.77
2235	427.00	48.00	475.00	345.64	Nil	129.36
2245	41523.08	24568.12	66091.20	15888.58	Nil	50202.62
2251	184.39	60.50	244.89	234.53	Nil	10.36
<b>Total</b>	<b>42262.82</b>	<b>24749.9</b>	<b>67012.72</b>	<b>16602.46</b>	<b>64.15</b>	<b>50346.11</b>

(Source: Detailed Appropriation Accounts, Govt. of Bihar)

Note:- Overall saving equal to addition of saving and surrender amount.

Thus overall saving = 50346.11 + 64.15 = 50410.26 lakh = 504.10 crore.

### 2.8.2 Belated surrender resulting in lapse of appropriation

In violation of Rule 112 of the Bihar Budget Manual, the Disaster Management Department decided to surrender ₹ 252.56 crore (Table 2.11) on the last day of the financial year. However, the aforesaid surrender was not accepted by the Finance Department due to delayed submission of the surrender papers (submitted on 16 April 2010), resulting in lapse of the saved amount.

On this being pointed out (October 2010) in audit, the Disaster Management Department stated (December 2010) that they had surrendered the funds on the 31 March 2010. This reply is not acceptable since the departmental proposal to surrender was not accepted by the Finance Department due to its delayed receipt on 16 April 2010 i.e. 16 days after the completion of the financial year.

**Table 2.11: Lapsed/ Surrendered amounts not accepted by the Finance Department**

		(₹ in crore)
Head	Details of letter no. by which surrenders was made	Amount
2245-Relief on account of Natural Calamities		{69.724
01-Drought and their relief	952/31.3.10	180.934}
02-Floods, cyclones etc.		Total 250.658
2245-08-001-0002	--	0.256
2235-Social security and welfare	947/31.3.10	
60-200-0008-Grant to person/family who die/injured in disaster		0.261
2235-01-200-0003 Relief on account of cold wave	948/31.3.10	0.017
2235-01-200-0004 Grant in aid for compensation of land to persons displaced by soil erosion	956/31.3.10	0.783
2251-Secretariat social services	950/31.3.10	0.562
00090-0017 Relief and rehabilitation Department		
2049- 0008 Recovery of interest/loan (N2049012000008)	958/31.3.10	0.019
<b>Total</b>		<b>252.556</b>

### 2.8.3 Non-utilisation of provision

As per the Bihar Budget Manual, the grants made by the legislature are to be used in the manner and for the purpose for which these are intended according to laws/rules and regulations made thereunder. However, it was seen that in 29 sub head relating to 'Relief on account of Natural Calamities', the provision of ₹ 54.97 crore (original ₹ 17.97 crore and supplementary ₹ 37.00 crore). (**Appendix 2.16**) remained completely unspent.

On this being pointed out (October 2010), the Disaster Management Department stated (December 2010) that the actual expenditure for disaster and relief there of, are difficult to rightly assess, and therefore, provisions for disasters were being decided totally upon imagination.

The reply is not acceptable as the total provision amount was saved without any re-appropriation and surrenders being made. This shows that periodical reviews of expenditure under these sub-heads were not being done as required.

### 2.8.4 Unnecessary supplementary provisions

Supplementary Provisions are sought to meet the additional requirement of funds for expenditure for which original provisions are insufficient. However, the Disaster Management Department obtained unnecessary supplementary provisions under seven sub-heads (**Table 2.12**), resulting in savings over and above the supplementary provisions. Supplementary provisions of ₹ 105.40 crore obtained under revenue heads proved fully unjustified.

On this being pointed out (October 2010), the Disaster Management Department replied (December 2010) that all provisions related to disasters were done based upon imagination.

**Table 2.12: Unnecessary Supplementary Provision**

(₹ in lakh)

Sl. no.	Head of Accounts	Provision (Original)	Supplementary Provision/- (Dated)	Total Provision	Surrender/ Lapse
1.	2245-01-282-0001	25.00	200.00 (05.01.10)	225.00	225.00
2.	2245-01-800-0001	200.00	500.00 (05.01.10)	700.00	700.00
3	2245-01-800-0002	10.00	3000.00 (05.01.10)	3010.00	3010.00
4	2245-02-101-0004	100.00	313.63 (04.08.09)	413.63	379.80
5	2245-02-107-0001	50.00	1893.90 (04.08.09)	1943.90	1943.88
6	2245-02-117-0001	200.00	2416.74 (04.08.09)	2616.74	2063.80
7	2245-02-112-0001	5286.00	2216.00 (04.08.09)	7502.00	3296.10
	<b>Total</b>	<b>5871.00</b>	<b>10540.27</b>	<b>16411.27</b>	<b>11618.58</b>

### 2.8.5 Differences in expenditure figures due to non-reconciliation by the Department

Though required under the provisions of Rules 122 and 134 of the Bihar Budget Manual, proper reconciliation was not carried out by the department, resulting in differences in figures of expenditure in most of the cases as shown in **Appendix 2.17**. Hence, in 12 cases, ₹ 9.68 crore excess expenditure was shown in the 'Detailed Appropriation Accounts' over the departmental expenditure figures and in another 18 cases, departmental expenditure figures were short exhibited by ₹ 27.75 crore than the figure of expenditure shown in 'Detailed Appropriation Accounts'.

On this being pointed out (October 2010), the Disaster Management Department stated (December 2010) that the amount related to Major Head 2251 only was being withdrawn by the Disaster Management Department and figures related to that head were being reconciled regularly.

## 2.9 Conclusion

The departments had not prepared their estimates keeping in view relevant factors like trends in economy, actual expenditure of last three years and other factors. Huge and persistent savings, excesses over provisions, unnecessary/excessive/inadequate, supplementary provisions/re-appropriations and non-surrender of anticipated savings indicated inadequate financial management and lack of budgetary control. Excesses over grants/appropriations of ₹ 98.38 crore required regularisation under Article 205 of the Constitution of India.

## **2.10 Recommendations**

- The departments should submit more realistic budget estimates keeping in view relevant factors like trends in economy, actual requirement of funds, expenditure for the last three years and other factors.
- Budgetary controls should be strengthened in all the Government departments by close monitoring of expenditure against allocations.
- Anticipated savings should be surrendered in time and issuance of re-appropriation/surrender orders at the fag end of the year should be avoided.
- All excess expenditure over grants/appropriations should be regularised as required under Constitution of India.