

CHAPTER II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL

2.1 Introduction

2.1.1 This chapter is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. Besides, comments arising out of audit of budgetary process and budget assumptions are being included in this chapter.

Appropriation Accounts are the 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 Acts. These Accounts list the original grants, supplementary grants, savings, surrenders and re-appropriations distinctly and indicate actual revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Bihar Appropriation Act, 2013 in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitates the management of finances and monitoring of budgetary provisions and are 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 authorisation given under the Bihar Appropriation Act, 2013 and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the laws, relevant rules, regulations and instructions.

2.1.3 As per the Bihar Budget Manual, 1963 the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the Heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actual as possible. This onerous exercise requires lot of foresight, both in estimating revenue and anticipating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended. A saving in spending constitutes as much of a financial irregularity as an excess of expenditure. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit are discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of expenditure during 2013-14 against 51 grants/appropriations is given in Table 2.1.

Table 2.1: Expenditure vis-a-vis Original/Supplementary provisions

(₹ in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Expenditure	Savings (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Voted	I Revenue	67310.15	10350.23	77660.38	57250.72	(-) 20409.66
	II Capital	14197.20	9856.87	24054.07	14381.53	(-) 9672.54
	III Loans and Advances	1394.38	303.74	1698.12	807.38	(-) 890.74
Total Voted		82901.73	20510.84	103412.57	72439.63	(-) 30972.94
Charged	IV Revenue	6334.68	151.05	6485.73	6114.21	(-) 371.52
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt-Repayment	3238.72	15.90	3254.62	3119.56	(-) 135.06
Total Charged		9573.40	166.95	9740.35	9233.77	(-) 506.58
Appropriation to Contingency Fund (if any)						
Grand Total		92475.13	20677.79	113152.92	81673.40	(-) 31479.52

Note: The expenditure includes recoveries/refund of revenue expenditure amounting to ₹ 887.71 crore and recoveries of capital expenditure amounting to ₹ 380.53 crore, adjusted as reduction of expenditure.

(Source: Appropriation Accounts, Government of Bihar for the year 2013-14)

Supplementary provisions of ₹ 20677.79 crore obtained during the year constituted 22.36 per cent of the original provisions. Overall saving of ₹ 31479.52 crore was 27.82 per cent of the total provision of ₹ 113152.92 crore. The savings of ₹ 20781.18 crore was occurred in 46 grants and eight appropriations under the Revenue section and ₹ 9807.60 crore in 31 grants (₹ 9672.54 crore) and one appropriation (₹ 135.06 crore) under the Capital section and ₹ 890.74 crore in seven grants under the Loan section.

As against the original provisions of ₹ 92475.13 crore, expenditure of ₹ 81673.40 crore was incurred. Supplementary provisions of ₹ 20677.79 crore was 65.69 per cent of the overall savings of ₹ 31479.52 crore, clearly indicate inaccurate estimation of funds and lack of control mechanism over the Budget estimation. Cases of supplementary provisions that proved unnecessary are discussed in paragraph 2.3.4. The savings/excesses were intimated (August 2014) by the Accountant General (A&E), Bihar to the Controlling officers but their explanations for excess/savings had not been received (September 2014).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

Rule 65 of the Bihar Budget Manual provides that the controlling officer should examine the budget estimates received from the disbursing officers to see that they are formally correct, that all details and explanations have been given and that the explanations are adequate. If inadequate, the provision should be altered. Further, under Rule 78 of the Bihar Budget Manual, copies of estimates received should be examined by the administrative department and the Finance Department and any point calling for examination should be dealt with at once. The administrative departments should not wait for the Finance Department to discover points requiring examination, but should proceed with the examination of the estimates immediately on their receipt.

The object of the examination by the administrative department is to detect excessive or inadequate provisions in the budget estimates and its revisions which they can do more easily than the Finance Department in view of their more intimate knowledge of the actual conditions. It is also necessary that there should be no delay in getting replies to the budget slips issued by the Finance Department. This can only be achieved, if the points referred to, by the Finance department have been previously considered by the administrative department concerned and enquiries had been made by them in advance. It is of utmost importance that a budget slip should ordinarily be answered within a week of its receipt and in no case should a slip remain unanswered for more than a fortnight.

The outcome of appropriation audit revealed that during 2013-14, savings in 32 cases exceeded ₹ 10 crore and also by more than 20 *per cent* of the total provision (*Appendix 2.1*). There were 18 cases of savings, each exceeding ₹ 500 crore and above under 17 grants/appropriations, which aggregated to ₹ 25143.52 crore (32.75 *per cent*) of total provision (₹ 76772.07 crore) during 2013-14. Large unspent provisions were in areas of Education Department (₹ 4389.62 crore), Pension (₹ 4245.25 crore), Water Resources Department (₹ 1853.56 crore), Energy Department (₹ 1670.51 crore), Agriculture Department (₹ 1474.44 crore) and Planning and Development Department (₹ 2237.02 crore) as indicated in **Table 2.2**.

Table-2.2: List of Grants with savings of ₹500 crore and above

(₹ in crore)							
Sl. No.	No. and Name of the Grant	Original	Supplement -ary	Total	Expenditure	Savings	Surrenders out of savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Revenue-Voted							
1	01-Agriculture Department	2550.19	852.12	3402.31	1927.87	1474.44	1266.26
2	02-Animal and Fisheries Resource Department	966.37	5.11	971.48	363.79	607.69	614.62
3	15-Pension	11263.67	2500.55	13764.22	9518.97	4245.25	2500.38
4	16-Panchayati Raj Department	3317.04	757.09	4074.13	3003.35	1070.78	961.66
5	20-Health Department	2785.09	8.64	2793.73	2170.49	623.24	591.50
6	21-Education Department	17977.78	682.22	18660.00	14270.38	4389.62	3902.60
7	22-Home Department	4801.02	58.40	4859.42	4248.27	611.15	64.00
8	35-Planning and Development Department	930.96	14.13	945.09	174.01	771.08	743.91
9	48-Urban Development and Housing Department	2114.91	422.49	2537.40	1717.44	819.96	858.46
10	50-Minor Water Resource Department	498.02	512.67	1010.69	342.55	668.14	665.91
11	51-Social Welfare Department	4133.31	1104.28	5237.59	3913.51	1324.08	1237.66
	Total	51338.36	6917.70	58256.06	41650.63	16605.43	13406.96
Capital-Voted							
12	3-Building Construction Department	1057.54	555.40	1612.94	953.42	659.52	589.65
13	10-Energy Department	1850.83	2446.55	4297.38	2626.87	1670.51	1659.12
14	12-Finance Department	24.00	1450.07	1474.07	10.97	1463.10	12.37
15	18-Food and Consumer Protection Department	578.50	0.00	578.50	0.00	578.50	578.50
16	35-Planning and Development Department	974.91	1191.00	2165.91	699.97	1465.94	1399.98
17	41-Road Construction Department	4230.22	700.00	4930.22	4083.26	846.96	844.75
18	49-Water Resources Department	2500.35	956.64	3456.99	1603.43	1853.56	1683.66
	Total	11216.35	7299.66	18516.01	9977.92	8538.09	6768.03
	Grand Total	62554.71	14217.36	76772.07	51628.55	25143.52	20174.99

(Source: Appropriation Accounts, Government of Bihar for the year 2013-14)

Some cases of savings exceeding ₹ 500 crore are discussed below:

i. Grant Number 21-“Education Department” (Revenue-Voted)

Against the original provision of ₹ 17977.78 crore, the expenditure was only ₹ 14270.38 crore, resulting in savings of ₹ 3707.40 crore. Thus, further provision of funds (₹ 682.22 crore) through supplementary grants proved unnecessary as the whole amount remained unutilized during the year and out of final saving of ₹ 4389.62 crore, ₹ 3902.60 crore have been surrendered.

Reasons for final savings have not been intimated (August 2014).

ii. Grant Number 15-“Pension” (Revenue-Voted)

Savings (₹ 4245.25 crore) under the grant occurred mainly in 2071-Pensions and Other Retirement Benefits-01-Civil-101-Superannuation and Retirement Allowances-0001-Payment to pre-15/11/2000 pensioners (₹ 653.77 crore), 0002-Payment of pensions to the employees retiring from successor State of Bihar (₹170.72 crore), 102-Commuted value of pensions-0002-Payments of commuted value of pension to employees retired prior to 15/11/2000 (₹ 126.92 crore), 104-Gratuties-0002- Payment to employees retiring from successor State of Bihar (₹ 323.89 crore), 115-Leave Encashment Benefits-0001-Leave encashment equivalent to unavailed Earned leave payable to officers and employees retired/died prior to 15/11/2000 (₹ 86.51 crore), 0002-Leave encashment equivalent to unavailed earned leave payable to officers and employees retired/died after 15/11/2000 (₹ 201.68 crore) etc. The supplementary provision for ₹ 2500.55 crore proved also unnecessary as the amount of expenditure (₹ 9518.97 crore) was less than the original provision (₹ 11263.67 crore).

Reasons for final savings have not been intimated (August 2014).

iii. Grant Number 49-“Water Resources Department” (Capital-Voted)

Supplementary provision of ₹ 956.64 crore proved unnecessary as the total expenditure of ₹ 1603.43 crore was less than the original provision (₹ 2500.35 crore). Saving (₹ 1853.56 crore) was mainly under the Head, 4700-Capital Outlay on Major Irrigation-02-Irrigation Project for Gandak Basin (Non-commercial)-051-Construction-0102-Irrigation Project for Gandak Basin works (AIBP) (₹ 122.36 crore), 03-Irrigation Project for Sone Basin (Non-commercial)- 051-Construction-0102-Irrigation Project for Sone Basin Works (AIBP) (₹ 68.03 crore), 789-Special Component Plan for Scheduled Castes-0101-Irrigation Project for Sone Basin (works) (₹ 102.90 crore) and 4711-Capital Outlay on Flood Control Projects-01-Flood Control-051-Construction-0103-Flood Management Programme (works) (AIBP) (₹ 119.24 crore).

Reasons for final savings have not been intimated (August 2014).

iv. Grant Number 01-“Agriculture Department” (Revenue-Voted)

Against the original provision of ₹ 2550.19 crore the expenditure occurred was only ₹ 1927.87 crore resulting in savings of ₹ 1474.44 crore. Thus further augmentation of fund through supplementary grant (₹ 852.12 crore) proved unnecessary as the whole amount remained unutilised during the year.

Reason of final savings have not been intimated (August 2014).

v. Grant Number 35-“Planning and Development Department” (Capital-Voted)

Supplementary provision of ₹ 1191.00 crore remained unnecessary as the total expenditure of ₹ 699.97 crore was less than the original provision ₹ 974.91 crore. Savings of ₹ 1465.94 crore was mainly under the head, 4070-Capital Outlay on Other Administrative Services-051-Construction-0109-Strengthening of Planning Machinery-Local needs under District Level Plan (₹ 7.57 crore), 4401-Capital Outlay on Crop Husbandry-051-Construction-0102-Building to Agriculture Department (₹ 2.90 crore), 4515-Capital Outlay on Other Rural Development Programmes-101-Panchayati Raj-0105-Building Construction of Panchayat Government-Finance Commission (Panchayati Raj Department) (₹ 5.70 crore), 102-Community Development-0101-Unified Work Plan for Scheduled Tribe and Backward Districts (₹ 9.56 crore), 789-Special Component Plan for Scheduled Castes and 0103-Building Construction of Panchayat Government Finance Commission (Panchayati Raj Department) (₹ 41.58 crore).

Reasons of final savings have not been intimated (August 2014).

2.3.2 Persistent Savings

In 10 grants/appropriations, there were persistent savings of more than ₹ 20 crore in each case and ranged between 11 to 76 *per cent* of the total grants during the last five years as indicated in *Appendix 2.2*.

2.3.3 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. However, excess expenditure amounting to ₹ 1366.95 crore for the previous years (1977-78 to 2010-11) was yet to be regularised as shown in *Appendix 2.3*. Non-regularisation of the excess expenditure, for considerable period is breach of Constitutional provision.

2.3.4 Appropriateness of supplementary provisions

Rule 117 of the Bihar Budget Manual lays down the procedure for obtaining supplementary grants. As per this Rule, when the administrative department considers that a supplementary grant is necessary, whether to meet a new specific item of expenditure or to cover a probable excess in the voted grant due to unforeseen causes, it should first consult the Finance Department.

Supplementary provisions aggregating ₹ 13007.21 crore obtained in 50 cases (38 grants/appropriations), involving ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.4*.

From the above facts, it is clear that the Controlling Officers failed to exercise their responsibilities envisaged under Rule 11 of the Bihar Financial Rules. Demands for supplementary provisions without assessing the actual requirements indicated lack of control on the part of the controlling authorities.

2.3.5 Excessive/ unnecessary re-appropriation of funds

Rule 37 of the Bihar Budget Manual defines re-appropriation as the transfer of funds by a competent authority of a particular sum of money from one unit of appropriation to meet the specific expenditure under another.

Test check of Detailed Appropriation Accounts and Grants Audit Register revealed that under 23 grants/appropriations involving 72 sub-heads, additional funds of ₹ 1822.66 crore provided through re-appropriation proved unnecessary as the final savings were ₹ 473.51 crore, as detailed in **Appendix 2.5**.

Further, in 16 cases ₹ 290.69 crore was injudiciously withdrawn through re-appropriations, when there was excess expenditure of ₹ 17.64 crore as detailed in **Table 2.3**.

Table 2.3: Injudicious withdrawals through re-appropriation of funds

(₹ in crore)

Sl. No.	Grant No.	Head of Accounts and Description	Total Provision	Re-appropriation	Total Surrender	Expenditure	Final Excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	01	2402-00-102-0112- Soil Conservation Works (SP)	58.10	14.52	41.56	2.17	0.15
2	19	2406-01-101-0001- Extension Improvement and Protection of Forest	65.73	0.11	0.37	65.71	0.46
3		2406-01-800-0101- Canal Side Farm	28.58	2.31	0.33	27.35	1.41
4		2406-01-800-0105- Road Side Farm (SP)	39.61	1.40	3.62	35.90	1.32
5	21	2202-01-001-0103- Specialist's Service for Educational Development	1.67	0.25	1.41	0.77	0.76
6	22	2056-00-101-0001- Central Jail	64.74	0.52	7.01	57.30	0.10
7		2235-60-200-0011- Relaxation on humanity ground	2.00	0.50	0.46	1.10	0.05
8	32	2011-02-101-0005- Members	40.52	0.08	5.57	37.01	2.13
9	35	3454-02-205-0101- Integrated Statistical Development Plan	51.42	1.49	35.61	14.93	0.61
10	36	2215-01-101-0006- Maintenance of water supply in Government Buildings	12.33	1.52	2.21	15.60	7.00
11	40	2029-00-104-0001- Expenditure on Revenue Administration	466.39	0.02	73.88	394.76	2.26
12	41	5054-03-337-0107- Rastriya Sum Vikash Yojna	1074.33	265.00	594.33	215.62	0.62
13	43	2203-00-004-0101- Bihar Council of Science and Technology Patna remote sensing centre/Indira Gandhi Science Centre Planetarium Patna	28.20	0.12	22.11	6.12	0.15
14		2203-00-112-0001- Degree and Post Graduate Course	22.61	0.85	2.30	19.51	0.06
15	47	2041-00-001-0001- State Transport Authority	6.28	0.75	1.39	4.64	0.50
16	49	2700-02-101-0002- Other maintenance expenditure	24.12	1.25	3.47	19.47	0.06
Total			1986.63	290.69	795.63	917.96	17.64

(Source: Grants Register & Detailed Appropriation Accounts, Government of Bihar for the year 2013-14)

Under the Head “2406-Forestry and Wildlife-01-Forestry-800-Other Expenditure-0101-Canal side Farm of Grant No. 19” ₹ 2.31 crore was withdrawn through re-appropriation whereas excess expenditure of ₹ 1.41 crore occurred.

Similarly under the Head “2215-Water Supply and Sanitation-01-Water Supply-101-Urban Water Supply Programme-0006-Water Supply in Government

Building of Grant No. 36” ₹ 1.52 crore was withdrawn through re-appropriation whereas excess expenditure of ₹ 7 crore occurred.

Thus, instead of providing additional funds to meet the requirement, withdrawal of funds was made which reflected poor financial management.

Further, in 56 cases, the un-utilised provision was not properly assessed as, even after the withdrawal of ₹ 1705.04 crore through re-appropriation proved insufficient since there remained savings of ₹ 1312.26 crore under the relevant detailed heads of these grants as shown in *Appendix 2.6*.

The above instances are indicative of the fact that the Controlling Officers failed to anticipate their actual requirements and did not have up-to-date information regarding expenditure and re-appropriation.

2.3.6 Substantial surrenders

As per Rule 112 of the Bihar Budget Manual, 1963, 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. No savings should be held in reserve for possible future excesses.

Out of the total provision of ₹ 6790.32 crore in 113 cases, ₹ 4920.75 crore (72.47 per cent) were surrendered as indicated in *Appendix 2.7*. The surrender under each unit ranged between 51.22 and 99.90 per cent (₹ five crore and more than 50 per cent of the total provision in each case).

Further, there was hundred per cent surrender of funds of more than ₹ five lakhs (₹ 5867.24 crore) in 227 schemes under 32 grants/appropriations (*Appendix 2.8*) depriving the beneficiaries of the benefits and services which could have been derived from these schemes.

2.3.7 Surrender in excess of actual savings

In ten cases, the amount injudiciously surrendered (₹ one crore or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 2419.08 crore, the amount surrendered was ₹ 2570.18 crore, resulting in excess surrender of ₹ 151.10 crore as given in *Table 2.4*.

Table 2.4: Surrenders in excess of actual savings (₹ one crore or above)

(₹ in crore)					
Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess (5-4=6)
(1)	(2)	(3)	(4)	(5)	(6)
	Revenue-Voted				
1	2-Animal and Fisheries Resource Department	971.48	607.69	614.62	6.93
2	11-Backward class and Most Backward Class Welfare Department	1440.94	179.32	187.83	8.51
3	32-Legislature	113.72	10.82	13.04	2.22
4	38-Registration, Excise and Prohibition Department	152.46	51.67	54.12	2.45
5	40-Revenue and Land Reforms Department	625.73	132.67	133.93	1.26

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess (5-4=6)
(1)	(2)	(3)	(4)	(5)	(6)
6	48-Urban Development and Housing Department	2537.40	819.96	858.46	38.50
	Total	5841.73	1802.13	1862.00	59.87
	Capital- Voted				
7	01-Agriculture Department	100.00	92.44	95.27	2.83
8	22-Home Department	547.71	27.13	71.97	44.84
9	37-Rural Works Department	2097.88	435.37	475.00	39.63
10	43-Science and Technology Department	90.88	62.01	65.94	3.93
	Total	2836.47	616.95	708.18	91.23
	Grand Total	8678.20	2419.08	2570.18	151.10

(Source: Appropriation Accounts, Government of Bihar for the year 2013-14)

Injudicious surrenders of non-existent surplus funds indicated lack of monitoring by the Controlling Officers of the departments.

2.3.8 Anticipated savings not surrendered/ belated surrendered

As per Rule 112 of Bihar Budget Manual, 1963, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2013-14, in 11 cases, savings of ₹ 926.78 crore (89.57 per cent) out of ₹ 1034.68 crore were not surrendered as detailed in *Appendix 2.9*.

Besides, in 80 cases, where there was surrender of funds in excess of ₹ 10 crore and 10 per cent of the total provisions in each case, ₹ 17311.50 crore (34.25 per cent of the total provision) was surrendered on the last working day of the financial year 2013-14 as detailed in *Appendix 2.10*.

This shows that the Controlling Officers failed to discharge their basic responsibility of being accountable for budgetary control. These funds were neither utilised for the purposes for which they were allotted nor were these made available for utilisation of other needy Heads by re-appropriation.

2.3.9 Rush of Expenditure

As per Rule 113 of the Bihar Budget Manual, 1963, no money should be spent hastily or in an ill-considered manner merely because it is available or just to avoid the lapse of a grant. Rush of expenditure, particularly in closing month of the financial year is regarded as breach of financial regularity.

Expenditure exceeding 50 per cent of total expenditure, incurred during March 2014, under 11 Major heads were listed in *Appendix 2.11*. In these cases, ₹ 992.39 crore (70.52 per cent) of total expenditure under the 11 major heads amounting to ₹ 1407.32 crore was spent in March 2014. Thus, the substantial amount of expenditure incurred by the Department at the fag end of the year indicates deficient financial management and lack of effective control over expenditure by the controlling officers and a tendency to utilise the budget only at the fag end of the financial year.

2.4 Misclassification of expenditure especially from the Grants-in-aid

As per Indian Government Accounting Standards (IGAS) 2- “Accounting and Classification of Grants-in-Aid”, Grants-in-Aid disbursed by a grantor to a grantee

shall be classified and accounted as revenue expenditure in Financial Statements of the Grantor, irrespective of the purpose for which the funds were disbursed as Grants-in-Aid, except in cases specially authorised by the President on the advice of the Comptroller and Auditor General of India. Such cases should be debited to a Capital head of Accounts in the Financial statements of the Government.

During test check of the Accounts of the Government of Bihar for the financial year 2013-14, it was observed that Grants-in-Aid of ₹ 7.50 crore which was required to be classified as revenue expenditure as per IGAS-2 norms was treated as Capital Expenditure. Of this, ₹ one crore pertained to project of Jawahar Lal Nehru National Urban Renewable Mission and ₹ 6.50 crore pertained to construction of Administrative building and workshop for Women Industrial Training Institutes.

2.5 Unreconciled Expenditure

Rules 475 (viii) of the Bihar Financial Rules states that heads of departments and the AG (A&E), Bihar will be jointly responsible for the reconciliation of the figures given in their respective accounts maintained by the heads of the departments with those that appear in the books of AG (A&E), unless in any case there are special rules or orders to the contrary. Further, as per rule 134 of the Bihar Budget Manual, the head of departments should insist on their staff to follow the procedure laid down for reconciliation of departmental accounts with the Accountant General's books.

Although non-reconciliation of departmental figures which had been pointed out regularly in Audit Reports, under 71 Major heads, heads of departments did not reconcile expenditure amounting to ₹ 59020.53 crore (exceeding ₹ 10 crore in each case) during 2013-14 as shown in *Appendix 2.12*. Out of this, ₹ 44416.05 crore (75.26 per cent) relates to 10 Major heads as shown in **Table 2.5**.

Table 2.5: Non reconciliation of expenditure during 2013-14

(₹ in crore)			
Sl. No.	Major Heads	Booked Expenditure	Amount not reconciled
(1)	(2)	(3)	(4)
1	2049-Interest Payments	4815.90	4565.04
2	2071-Pension and Other Retirement Benefits	9463.50	9119.35
3	2202-General Education	14205.21	14100.27
4	2210-Medical and Public Health	1752.69	1461.32
5	2225-Welfare of SC,ST and other Backward Classes	2073.60	1843.83
6	2235-Social Security and Welfare	2697.84	2231.65
7	2515-Other Rural Development Programme	3559.01	3517.27
8	2801-Power	3182.05	2297.23
9	3054-Road and Bridge	1375.10	1196.84
10	5054-Capital Outlay on Roads and Bridges	4083.25	4083.25
Total		47208.15	44416.05

(Source: Information furnished by office of the Accountant General (A&E))

In view of the above, it is apparent that had the Government taken the issue of non-reconciliation of expenditure with ten departments, 75.26 per cent of total unreconciled expenditure could have been reconciled.

2.6 Advances from Contingency Fund

The Contingency Fund of the State was established under the Bihar Contingency Fund Act, 1950 (amended in 2012), in terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen character, postponement of which, till its authorisation by the Legislature, would be undesirable. The fund is in the nature of an imprest. The balance at the beginning of the year on 1 April 2013 was ₹ 350 crore. The Cabinet raised (December 2013) the corpus of the Contingency Fund by ₹ 1450 crore on temporary basis for the current financial year for relief and rehabilitation measures. However, the closing balance was ₹ 350 crore at the end of the financial year.

During 2013-14, 93 withdrawals amounting to ₹ 1141.58 crore was made from contingency fund, of which 51 withdrawals amounting to ₹ 689.79 crore (60.42 per cent) of the total withdrawals from Contingency Fund (*Appendix 2.13*) were for routine expenditure such as bonus to farmers, scholarship payment, Diesel for farmers, census survey, purchase of motor vehicle, office expenditure, payment of pay and allowances, travel bills, medical bills, electricity bills, setup of Judicial enquiry commission, land acquisition, repayment and interest payment against loan etc. Since these items were foreseeable expenditure, the drawal of advances from the Contingency Fund of the State was irregular and incorrect.

2.7 Drawal of funds to avoid lapse of budgetary provision

As per Rule 176 of the Bihar Treasury Code, 2011 (BTC, 2011), all charges incurred must be drawn and paid at once and no money should be withdrawn from the Treasury unless it is required for immediate payment. Further, Rule 177 of BTC, 2011 provides that no money shall be drawn from the Treasury in anticipation of demands or to prevent lapse of budget grants. If under special circumstances, money is drawn in advance under the orders of a competent authority, the unspent balance of the amount so drawn should be refunded to the Treasury by short drawal in the next bill or with a challan at the earliest possible opportunity and in any case before the end of the financial year in which the amount is drawn. A certificate shall be furnished by the Drawing and Disbursing officer to the effect that the money withdrawn on the contingent bill shall be spent within the same financial year and that the unspent amount shall be remitted to the Treasury before 31 March of the year.

However, it was observed that in 71 cases, an amount of ₹ 698.13 crore was drawn on AC bills to avoid lapse of budgetary provision during the period 2002-03 to 2012-13 and an amount of ₹ 264.49 crore was refunded after retention for the period ranging from two months to eight years (*Appendix 2.14*).

In 24 cases, entire amount of ₹ 63.23 crore drawn on AC bills during 2002-03 to 2012-13 was remitted for the period ranging from six months to eight years (*Appendix 2.15*).

The matter was reported to the Department (June 2014 to July 2014); the reply is awaited (September 2014).

2.8 Outcome of Inspection of Treasuries

There are 65 treasuries in the state as of March 2014. The AG (A&E) Bihar, Patna inspected 32 treasuries during the year 2013-14. Irregularities and deficiencies noticed during the inspection of treasuries are mentioned in the succeeding paragraphs:

2.8.1 Non-submission of vouchers in support of payments

Rule 26 of BTC 2011 envisages that vouchers, challan and schedules relating to the List of Payments and Cash Account shall be numbered consecutively in a separate monthly series and kept under Lock and Key in the order of payments till they are dispatched. Before dispatch, the Treasury Officer shall, by inspection satisfy himself that the required vouchers are all attached. He may periodically during the month see that all vouchers are present and in proper order. On receipt of monthly account from Treasury, the details of vouchers not attached against payment are intimated to the Treasury concerned by the AG (A&E), so that the same may be forwarded to the AG (A&E) for timely compilation.

Vouchers for 9579 items amounting to ₹ 488.77 crore for the year 2013-14 were not received from 65 treasuries as detailed in *Appendix 2.16*, out of which 1360 vouchers amounting to ₹ 183.16 crore pertained to four treasuries (Sinchai Bhawan Patna, Vikash Bhawan Patna, Muzaffarpur and Patna Treasuries).

On this being pointed out (August, 2014), the officer on special duty, Finance Department, GoB stated (September 2014) that clarifications have been sought from all Treasury Officers regarding non-submission of vouchers in support of payments.

2.8.2 Excess/under payment of pension

During inspection of Treasuries for the year ended 31 March 2014, excess and under payments of pension amounting to ₹ 13.02 lakh and ₹ 0.27 lakh respectively were noticed due to incorrect calculation of pension, delayed commencement of reduced pension for commuted value, payment of enhanced rate of family pension beyond stipulated date, non adjustment/non regularisation of commuted value of pension, payment of unrevised rate of Dearness Relief on consolidated pension and other miscellaneous reasons as detailed in *Appendix 2.17 & 2.18*.

On this being pointed out (August, 2014), the officer on special duty, Finance Department, GoB stated (September 2014) that list of excess/under payment of pension was forwarded to concerned Treasury Officers with directions to rectify the pension payments.

2.8.3 Provision of fund for the posts lying vacant

Rule 57 of Bihar Budget Manual requires that the tendency to over estimate the requirement of funds should be avoided. Ordinarily, provision for a scheme which was not elaborated and sanctioned should not be made.

Scrutiny of the report of the surrenders of savings maintained by the Finance Department during 2013-14 revealed that budget provision for ₹ 196.06 crore was provided in respect of 15 heads under five departments for posts lying vacant during 2013-14 as detailed in *Appendix 2.19*. This indicated lack of monitoring of actual requirement of funds.

The matter was referred to the Secretary (Expenditure), Finance Department (July, 2014); reply has not been received (September 2014).

2.8.4 Delay in rendition of Monthly Treasury Accounts

Rule 25 of BTC 2011 states a complete list of Treasury accounts and returns to be rendered on different prescribed dates to the Accountant General and other authorities shall be kept at each Treasury. A list of accounts and returns is to be submitted by the Treasury Officer till the second day of following month and in respect of the account of the month of March must be submitted by 10 April each year to the AG (A&E) for compilation of account so that correct picture of account should be arrived at the level of AG (A&E).

During the year, the accounts from treasuries were received late by AG (A&E) for a period of seven days to twenty eight days. The delay in submission of initial accounts caused consequent delay and disruption in compiling of Monthly Civil Accounts by the AG (A&E). A list showing delay in submission of accounts by more than seven days is detailed in *Appendix 2.20*.

On this being pointed out (August, 2014), the officer on special duty, Finance Department, GoB stated (September 2014) that instructions have been issued to all Treasury Officers to submit compliance of delay in rendition of monthly treasury account.

2.8.5 Misclassification of expenditure under Commutation Value of Pension (CVP)

During inspection of treasuries in 2013-14, it was noticed that an amount of ₹ 0.55 crore had been misclassified under the pensioner account heads by the Treasury Officer as given in **Table 2.6** and as detailed in *Appendix 2.21*.

The wrong classification resulted in incorrect depiction of expenditure in accounts and wrong debits in state pension accounts.

Table 2.6: Misclassification under pensioner account heads

(₹ in crore)

Sl. No.	Name of Treasury	Nature of Expenditure	Correct Head of Account	Head of Account under which amount was wrongly booked	Amount
(1)	(2)	(3)	(4)	(5)	(6)
1	Vikash Bhawan Patna	CVP	2071-01-102-0001	2071-01-102-0002	0.34
2	Sinchai Bhawan	CVP	2071-01-102-0001	2071-01-102-0002	0.20
3	Saran	CVP	2071-01-101-0001	2071-01-101-0002	0.01
Total					0.55

(Source: Figures of Inspection Reports of treasuries 2013-14 by AG (A&E))

On this being pointed out (August, 2014), the officer on special duty, Finance Department, GoB directed (September 2014) all Treasury officers to book the CVP in correct head of account while admitting the audit observation.

Review of Selected Grants

A review of the budgetary procedures and control over expenditure was conducted (August 2014) in respect of Grant No.2 - “Animal and Fisheries Resource Department” and Grant No.18- “Food and Consumer Protection Department” on the basis of savings, excesses and magnitude of the grants and supplementary demands made during the year 2013-14. The results of review are detailed below:

2.9 Review of Grant No. 2 - “Animal and Fisheries Resource Department”

The department is responsible for matters relating to livestock production, preservation and protection from disease and improvement of stocks and dairy development. It also looks after all matters pertaining to fishing and fisheries inland and marine.

A review of the budgetary procedures and control over expenditure was conducted (August 2014) in respect of Grant No.2 - “Animal and Fisheries Resource Department” on the basis of savings, excess and magnitude of the grants and supplementary demands made during the year 2013-14.

Table 2.7: Position of Summarised Appropriation for 2013-14

(₹ in crore)

Budget Estimate	Original Provision	Supplementary Provision	Total Provision (2+3)	Total Expenditure	Savings	Savings in percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue voted	966.37	5.11	971.48	363.79	607.69	63
Capital Voted	7.00	0.00	7.00	0.00	7.00	100
Total	973.37	5.11	978.48	363.79	614.69	63

(Source: Detailed Appropriation Accounts Government of Bihar for the year 2013-14)

The results of review are discussed below:

2.9.1 Substantial Savings

Against the total provision of ₹ 971.48 crore under Revenue voted head, an expenditure of ₹ 363.79 crore was incurred (37 per cent) and against the total provision of ₹ 7.00 crore under Capital voted head, no amount was spent resulting in hundred per cent savings under Capital Head meant for construction of State Animal Husbandry Training Complex. The overall expenditure of ₹ 363.79 crore was only 37 per cent of the total provision of ₹ 978.48 crore during 2013-14, resulting in substantial savings of ₹ 614.69 crore (63 per cent) as detailed in Table 2.7.

The Dy. Secretary, Animal and Fisheries Resource Department attributed (October 2014) the reason for substantial savings to non-sanction of Plan, imposition of ban of Finance Department on drawal of fund on account of office expenses, travelling allowances, vehicle, telephone etc. in the month of Feb 2014.

The reply is not tenable as it shows the lack of proper estimation of provision by the department.

2.9.2 Unnecessary supplementary provision

Rule 117 of the Bihar Budget Manual lays down the procedure for obtaining supplementary grants. As per this rule, when the administrative department considers that a supplementary grant is necessary, whether to meet a new specific item of expenditure or to cover a probable excess in the voted grant due to unforeseen causes, it should first consult the Finance Department.

Scrutiny of records revealed that provision for an amount of ₹ 5.04 crore was made under the Major heads 2404 and 2405 through third supplementary

provision, whereas, only ₹ 36.76 crore was expended against total original provision of ₹ 42.02 crore, as shown in **Table 2.8**.

Table 2.8: Unnecessary supplementary provision

(₹ in crore)					
Sl. No.	Head of account	Original provision	Supplementary provision	Total provision (3+4)	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
1	2404-Dairy Development-00-191-Assistance to Co-operatives and Other Bodies -0102-National Agriculture Development Scheme	25.00	4.70	29.70	23.35
2	2405-Fisheries-00-001-Direction and Administration-0001-Fisheries Development Scheme	17.02	0.34	17.36	13.41
Total		42.02	5.04	47.06	36.76

(Source: Detailed Appropriation Accounts for 2013-14 and Departmental figures)

Supplementary provision of ₹ 5.04 crore obtained in two Major heads during the year proved unnecessary as the expenditure did not come up to the level of the original provision. However, the funds were augmented through supplementary provision on the basis of expectation of expenditure.

The Dy. Secretary, Animal and Fisheries Resource Department stated (October 2014) that outlay for Rastriya Krishi Vikas Yojana was revised by the Planning and Development Department.

This Indicates lack of coordination between both Departments of the State Government.

2.9.3 Unnecessary re-appropriation of funds

Rule 37 of the Bihar Budget Manual defines re-appropriation as the transfer of funds by a competent authority of a particular sum of money from one unit of appropriation to meet the specific expenditure under another.

Test check revealed that under detailed heads “2404-00-001-0001” and “2405-00-001-0102”, additional funds of ₹ 2.52 crore provided through re-appropriation proved unnecessary as stated in the **Table 2.9**.

Table 2.9: Unnecessary re-appropriation of funds

(₹ in crore)					
Sl. No.	Head of account	Original provision	Re-appropriation	Total (3+4)	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
1	2404-Dairy Development-00-001-Direction and Administration-0001-Headquarter Establishment	2.65	0.02	2.67	2.33
2	2405-Fisheries-00-001-Direction and Administration-0102-Fisheries Extension	4.00	2.50	6.50	2.09
Total		6.65	2.52	9.17	4.42

(Source: Detailed Appropriation Accounts for 2013-14 & Departmental figures)

The Dy. Secretary, Animal and Fisheries Resource Department stated (October 2014) that the fund was augmented through re-appropriation on the

basis of requirements of fund but the augmented fund was not expended due to reduction of provision in that head.

The reply is not tenable as the planning of scheme was not properly assessed.

2.9.4 Surrender of fund on the last day of the financial year

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. No savings should be held in reserve for possible future excesses.

Out of total surrender of ₹ 621.63 crore (in 68 cases) as given in *Appendix 2.22*, a sum of ₹ 616.85 crore (99 *per cent*) was surrendered (65 cases) on the last day of the financial year 2013-14. Out of these, 11 cases in which ₹ 499.93 crore (81 *per cent* of the total surrendered amount) pertained to schemes for Dispensaries and Other Establishment, Chilling Centres, Backyard Goat Rearing, Frozen Semen Bank, Development and Renovation of pond fish etc.

The Dy. Secretary, Animal and Fisheries Resources Department attributed (October 2014) the reason for surrender to non-sanction of plan by Planning and Development Department.

The reply is not tenable as it shows lack of coordination with the Planning and Development Department.

2.9.5 Non-utilisation of fund leading to hundred per cent surrender

Scrutiny of records relating to original provision, supplementary provision and surrender during 2013-14 revealed that entire provision of ₹ 217.90 crore of 24 Sub heads under five Major heads remained unutilised and was completely surrendered as detailed in *Appendix 2.23*.

The four schemes in respect of which ₹ 167.42 crore was surrendered (77 *per cent* of the total surrendered amount) were Frozen Semen Bank, National Agriculture Development Plan, Scheme of back yard Goat Rearing, Bihar Animal Science and Technical University.

The Dy. Secretary, Animal and Fisheries Resource Department attributed (October 2014) the reason of hundred *per cent* surrender to reduction of plan outlay and non sanction of plan by the Planning and Development Department.

2.9.6 Non-reconciliation of departmental expenditure figures

Rules 475 (viii) of the Bihar Financial Rules states that head of departments will be responsible for the reconciliation of the figures given in their respective accounts with those that appear in the books of AG (A&E), unless in any case there are special rules or orders to the contrary. Further, under the provisions of rule 134 of the Bihar Budget Manual, departments have to ensure that the figures of Original provision, Supplementary provisions, Re-appropriation, Expenditure, Surrender and Savings are reconciled with the "Detailed Appropriation Accounts" prepared by the office of the AG (A&E), Bihar immediately after close of the financial year. To facilitate this process in a time schedule, the last date of reconciliation of figures relating to 2013-14 was fixed at 25 June 2014 by the AG (A&E), Bihar.

However, proper reconciliation was not carried out by the Department, resulting in the differences in figures of expenditure under six major heads amounting to ₹ 10.78 crore as detailed in *Appendix 2.24*.

The Dy. Secretary, Animal and Fisheries Resource Department stated (October 2014) that the departmental figures were reconciled with those appearing in the book of AG (A&E).

The reply was not tenable as an amount of ₹ 10.78 crore remained to be reconciled.

2.10 Review of Grant No.18 - “Food and Consumer Protection Department”

The main work of Food and Consumer Protection Department, Government of Bihar is to provide food security to poor people, to control price of essential commodities, to provide minimum support price of grains to the farmers, to control adulteration of Petrol and Diesel and protection of consumer’s rights and their welfare. There were four Major Heads 2408, 3451, 3456 and 6408 operate under this Grant in the financial year of 2013-14.

A review of the budgetary procedures and control over expenditure was conducted (August 2014) in respect of Grant No.18 - “Food and Consumer Protection Department” on the basis of saving, excesses and magnitude of the grants and supplementary demands made during the year 2013-14.

Table 2.10: Position of Summarised Appropriation for 2013-14

(₹ in crore)

Budget Estimate	Original Provision	Suppl- ementary Provision	Total Provision (2+3)	Expenditure	Savings	Savings as a percentage of total provision
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue voted	847.96	262.65	1110.61	651.53	459.08	41.34
Capital voted	578.50	0.00	578.50	0.00	578.50	100.00
Total	1426.46	262.65	1689.11	651.53	1037.58	61.43

(Source: Detailed Appropriation Accounts, Government of Bihar for the year 2013-14)

The results of review are discussed below:

2.10.1. Substantial savings

Against the total provision of ₹ 1689.11 crore (Original ₹ 1426.46 crore and Supplementary ₹ 262.65 crore), an expenditure of ₹ 651.53 crore was incurred resulting in savings of ₹ 1037.58 crore (61.43 per cent of total provision) during 2013-14 as detailed in **Table 2.10**.

Scrutiny of original and supplementary provision and expenditure revealed that against the total provision of ₹ 1110.61 crore under Revenue voted head, expenditure of ₹ 651.53 crore was incurred resulting in savings of ₹ 459.08 crore (41.34 per cent) and against the total provision of ₹ 578.50 crore under Capital voted head, no amount was spent resulting into savings of ₹ 578.50 crore (100 per cent), which was meant for loans to Food and Civil Supplies Corporation for food storage and warehousing. The main reason for hundred per cent surrender was that the construction work was carried out by the Food and Civil Supplies

Corporation by their own available resources. It shows the improper estimation of provision by the department against the scheme.

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.10.2 Unnecessary supplementary provision

Rule 117 of the Bihar Budget Manual lays down the procedure for obtaining supplementary grants. As per this Rule, when the administrative department considers that a supplementary grant is necessary, whether to meet a new specific item of expenditure or to cover a probable excess in the voted grant due to unforeseen causes, it should first consult the Finance Department.

Scrutiny of records revealed that provision for ₹ 1.15 crore was made under the Major heads 3451 and 3456 through first, second and third supplementary provision, whereas, only ₹ 43.50 crore was the expenditure against total original provision of ₹ 100.22 crore, as shown in **Table 2.11**.

Table 2.11: Unnecessary supplementary provision

(₹ in crore)							
Head of account	Original provision	First Supplementary	Second Supplementary	Third Supplementary	Total supplementary (3+4+5)	Total provision (2+6)	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3451-Secretariat-Economic Service-00-090-Secretariat-0011-Food Supply and Commerce Department	6.38	0.00	0.00	0.02	0.02	6.40	5.00
3456-Civil Supplies-00-001-Direction and Administration -0001-Head Quarter Charges	79.00	0.00	1.05	0.00	1.05	80.05	28.88
3456-Civil-Supplies-00-001-Direction and Administration -0003-District Charges (Consumer Protection)	14.84	0.06	0.02	0.00	0.08	14.92	9.62
Total	100.22	0.06	1.07	0.02	1.15	101.37	43.50

(Source: Detailed Appropriation Accounts for 2013-14 Government of Bihar & Departmental figures)

Supplementary provisions aggregating ₹ 1.15 crore obtained in three sub heads under two major heads during the year proved unnecessary as the expenditure did not come up to the level of the original provisions.

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.10.3 Unnecessary re-appropriation of funds

Rule 37 of the Bihar Budget Manual defines re-appropriation as the transfer of funds by a competent authority of a particular sum of money from one unit of appropriation to meet the specific expenditure under another.

Scrutiny of records relating to one Major Head of accounts involving two sub-heads, additional funds of ₹ 18.67 crore augmented through re-appropriation proved unnecessary as the total (original + supplementary) provision of ₹ 47.16 crore were enough to meet the expenditure of ₹ 43.63 crore as detailed in **Table 2.12**.

Table 2.12: Unnecessary re-appropriation of funds

(₹ in crore)					
Head of Account	Total Provision	Re-appropriation (+)	Date of re-appropriation	Total available fund	Total Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
3456-Civil Supplies-00-102-Civil Supplies Scheme-0004-Computerisation to PDS system	5.84	2.00	04 March 2014	7.84	1.73
3456-Civil Supplies-00-001-Direction and Administration -0002-District Charges	41.32	3.50	31 January 2014	57.99	41.90
		12.00	04 March 2014		
		1.17	25 March 2014		
Total	47.16	18.67		65.83	43.63

(Source: Grant Audit Register for 2013-14 Government of Bihar & Departmental Figures)

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.10.4 Surrender of fund on the last day of the financial year

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. No savings should be held in reserve for possible future excesses.

Out of total surrender of ₹ 1028.29 crore as given in *Appendix 2.25*, a sum of ₹ 778.29 crore (75.69 per cent) was surrendered (13 cases) on the last day of the financial year 2013-14.

Out of total surrender of ₹ 778.29 crore on the last day of the financial year, three cases amounting to ₹ 697.03 crore (89.56 per cent) relates to the scheme for providing grains to BPL families and loan for Food and Civil Supplies Corporation.

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.10.5 Non-utilisation of fund leading to hundred per cent surrender

Scrutiny of records relating to original provision, supplementary provision and surrender amount of grant during 2013-14 revealed that entire provision of ₹ 778.25 crore of five Sub heads under Major head 3456 and one Sub head under Major head 6408 remained unutilised and was completely surrendered as detailed in **Table 2.13**.

Table 2.13: Details of hundred per cent unutilised amounts

(₹ in crore)

Sl. No.	Head of accounts	Original provision	Supplementary provision	Total provision (3+4)	Surrendered amount
(1)	(2)	(3)	(4)	(5)	(6)
1	3456-Civil Supplies-00-102-Civil supplies scheme (State Plan)-0102-BPL Parivaron ko Rajya ki Adhiprapti vyavastha se khadyan ki Apurti	175.00	0.00	175.00	175.00
2	3456-Civil Supplies-00-191-Assistance to Municipal Corporation (State Plan)-0101-Nigrani and Anushravan hetu Gathit Samiti ke Gair Sarkari Sadasyon ko Baithak and Yatra Bhatta	0.50	0.00	0.50	0.50
3	3456-Civil Supplies-00-192-Assistance to Municipalities/Municipal Council (State Plan)-0101- Nigrani and Anushravan hetu Gathit Samiti ke Gair Sarkari Sadasyon ko Baithak and Yatra Bhatta	7.00	0.00	7.00	7.00
4	3456-Civil Supplies-00-193-Assistance to Nagar Panchayats/Notified Area Committees or equivalent thereof (State Plan)-0101- Nigrani and Anushravan hetu Gathit Samiti ke Gair Sarkari Sadasyon ko Baithak and Yatra Bhatta	7.25	0.00	7.25	7.25
5	3456-Civil Supplies-00-198-Assistance to Gram Panchayats (State Plan)-0101- Nigrani and Anushravan hetu Gathit Samiti ke Gair Sarkari Sadasyon ko Baithak and Yatra Bhatta	10.00	0.00	10.00	10.00
6	6408-Loans for food storage and warehousing-01-Food-101-Procurement and Supply (State Plan)-0101-Loan for food and civil supply Corporation	578.50	0.00	578.50	578.50
Total		778.25	0.00	778.25	778.25

(Source: Detailed Appropriation Accounts, Government of Bihar for the year 2013-14)

Out of hundred *per cent* surrendered amount, two cases (Sl. No. 1 and Sl. No. 6) amounting to ₹ 753.50 crore (97 *per cent*) relate to the scheme for providing grains to BPL families and loan for Food and Civil Supplies Corporation. The reason for surrender of ₹ 175.00 crore was not specified in the records made available by the department and regarding surrender of ₹ 578.50 crore, the Department stated that construction work was carried out by the Food and Civil Supplies Corporation by their own available resources.

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.10.6 Non –reconciliation of departmental expenditure figures

Rules 475 (viii) of the Bihar Financial Rules states that head of departments will be responsible for the reconciliation of the figures given in their respective accounts with those that appear in the books of AG (A&E), unless in any case there are special rules or orders to the contrary. Further, under the provisions of rule 134 of the Bihar Budget Manual, departments have to ensure that the figures of provision, Supplementary provisions, Re-appropriation, Expenditure, Surrender and savings are reconciled with the "Detailed Appropriation Accounts" prepared by the office of the AG (A&E), Bihar immediately after closure of the financial year. To facilitate this process in a timely manner, the last date of reconciliation of figures relating to 2013-14 was fixed at 25 June 2014 by the office of the

AG (A&E), Bihar. However, proper reconciliation was not carried out by the Department, resulting in differences in figures of expenditure of one sub head under Major Head 3451 and four sub heads under Major Head 3456 amounting to ₹ 1.19 crore (*Appendix 2.26*).

The matter was referred to the Government (September 2014) and reminder issued on 15 October 2014, the reply has not been received (October 2014).

2.11 Conclusion and Recommendations

Large Savings due to improper Budget estimation

- There were large savings of ₹ 31479.52 crore (27.82 per cent) against total budget provision of ₹ 113152.92 crore during 2013-14 indicating improper budget provision estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Persistent savings for the last five years were also noticed in 10 departments performing Social and Economic Services.

The budgetary control mechanism should be strengthened in the Government Departments to avoid huge savings, especially where savings occurred persistently and to avoid taking supplementary grants, which remain unutilised.

Advances from Contingency Fund

- Advances amounting ₹ 689.79 crore were withdrawn on 51 occasions from Contingency Fund during 2013-14 to meet expenditure which was not of unforeseen nature.

Advances from the Contingency Fund should be given only for meeting expenditure of unforeseen character.

Excess over provisions during 2013-14 requiring regularisation

- Excess expenditure of ₹ 1366.95 crore was incurred over provisions during 1977-78 to 2010-11, which requires regularisation under Article 205 of the Constitution of India.

Non-reconciliation of Departmental figures

- The Controlling Officers did not reconcile ₹ 59020.53 crore (exceeding ₹ 10 crore in each case) under 71 Major Heads, with the books of the Accountant General (A&E), Bihar during 2013-14.

Controlling officers should reconcile their expenditure figures every month with those in the books of the Accountant General (A&E).

Deficiencies in Budgetary controls in Animal and Fisheries Resource and Food and Consumer Protection Departments

- The Animal and Fisheries Resource and Food and Consumer Protection Departments were not following the provisions of the Budget Manual resulting in lack of budgetary control in the Department.

The Animal and Fisheries Resource and Food and Consumer Protection Department should adhere to the provisions of the Budget Manual by adopting budget monitoring system in the Department.