

2.1 Introduction

This Chapter examines the budgetary controls, expenditure controls and its accounting thereon. It is based on the audit of Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

2.2 Summary of Appropriation Accounts

Rule 104 of the Budget Manual of the Government of Bihar stipulates that all anticipated savings must be surrendered by Controlling Officers to the Finance Department by 15 February of the current year. In exceptional cases, surrenders must be submitted by 31 March of the current year.

The summarised position of actual expenditure during 2018-19 against 51 grants/appropriations is given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure against Original/ Supplementary provisions for the year 2018-19

(₹ in crore)

| Nature of Expenditure | | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total Grant/ Appropriation | Actual Expenditure | Savings | Amount surrendered | Amount surrendered on 31 March 2019 | Percentage of savings surrendered by 31 March 2019 (Col.7/ Col.6*100) |
|--|--------------------------|-------------------------------|------------------------------------|----------------------------|--------------------|------------------|--------------------|-------------------------------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Voted | I-Revenue | 1,24,981.45 | 26,882.68 | 1,51,864.13 | 1,15,368.06 | 36,496.07 | 34,109.98 | 23,104.03 | 93.46 |
| | II-Capital | 32,416.87 | 4,181.51 | 36,598.38 | 25,184.16 | 11,414.22 | 11,770.40 | 4,141.92 | 103.12 |
| | III-Loans and Advances | 507.32 | 1,405.52 | 1,912.84 | 1,470.56 | 442.28 | 441.05 | 253.55 | 99.72 |
| Total Voted | | 1,57,905.64 | 32,469.71 | 1,90,375.35 | 1,42,022.78 | 48,352.57 | 46,321.43 | 27,499.50 | 95.80 |
| Charged | IV-Revenue | 11,758.22 | 29.85 | 11,788.07 | 11,065.06 | 723.01 | 27.65 | 27.04 | 3.82 |
| | V-Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| | VI-Public Debt-Repayment | 7,326.41 | 0.00 | 7,326.41 | 7,229.82 | 96.59 | 0.69 | 0.69 | 0.71 |
| Total Charged | | 19,084.63 | 29.85 | 19,114.48 | 18,294.88 | 819.60 | 28.34 | 27.73 | 3.46 |
| Grand Total | | 1,76,990.27 | 32,499.56 | 2,09,489.83 | 1,60,317.66 | 49,172.17 | 46,349.77 | 27,527.23 | 94.26 |
| Note: The expenditure includes recoveries/refund of revenue expenditure amounting to ₹ 1,536.32 crore and recoveries of capital expenditure amounting to ₹ 4,125.91 crore adjusted as reduction of expenditure. | | | | | | | | | |

(Source: Appropriation Accounts for the year 2018-19).

As evident from the table above, the expenditure incurred during the year was only ₹ 1,60,317.66 crore against the total provision of ₹ 2,09,489.83 crore. This shows that the supplementary provision of ₹ 32,499.56 crore was avoidable since the expenditure did not even reach the level of original provision (₹ 1,76,990.27 crore). Cases of supplementary provision that proved unnecessary are discussed in **paragraph 2.3.3**. Overall savings of ₹ 49,172.17 crore resulted from savings of ₹ 37,219.08 crore in 46 grants and eight Appropriations under Revenue section and savings of ₹ 11,953.09 crore in 32 grants under Capital section including five grants under Loans and Advances and one grant under Public

Debt Repayments. Out of overall savings, reasons for savings of only ₹ 107.89 crore pertaining to five detailed heads under three grants have been intimated.

Out of total savings of ₹ 49,172.17 crore, 94.26 per cent was surrendered (₹ 46,349.77 crore) during the year resulting in non-surrender of savings aggregating ₹ 2,822.40 crore (5.74 per cent of total savings). Further, ₹ 27,527.23 crore (59.39 per cent of total surrenders) was surrendered on the last working day of March 2019, leaving no scope for utilisation of these funds. This indicates inaccurate estimation of funds and failure of the Finance Department to ensure effective budgetary control.

Recommendation: The Finance Department should monitor the trend of expenditure by Departmental Controlling Officers so that unnecessary provisions are not made, funds are not retained unnecessarily and are surrendered at the earliest, without resorting to last minute surrenders and lapsing of allocations.

2.3 Financial Accountability and Budget Management

2.3.1 Savings

There were 29 cases of savings relating to 22 grants, each exceeding ₹ 100 crore and above, amounting to ₹ 41,687.23 crore (35.20 per cent of total provisions of ₹ 1,18,440.79 crore) as detailed in **Appendix 2.1**.

Significant savings of ₹ 1,000 crore and above occurred in nine grants aggregating ₹ 36,304.81 crore (35.92 per cent of total provision of ₹ 1,01,070.11 crore) as indicated in **Table 2.2**.

Table: 2.2 List of grants/appropriations with savings of ₹ 1,000 crore and above

(₹ in crore)

| Sl. No. | Number and Name of grant/ Appropriation | Original provision | Supplementary provision | Total | Expenditure | Savings | Percentage of savings |
|--------------------------|--|--------------------|-------------------------|--------------------|------------------|------------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| (A) REVENUE | | | | | | | |
| 1 | 1-Agriculture Department | 2,701.78 | 557.10 | 3,258.88 | 1,822.88 | 1,436.00 | 44.06 |
| 2 | 20-Health Department | 6,698.59 | 1,523.57 | 8,222.16 | 6,344.28 | 1,877.88 | 22.84 |
| 3 | 21-Education Department | 31,685.53 | 5,249.67 | 36,935.20 | 26,977.27 | 9,957.93 | 26.96 |
| 4 | 39-Disaster Management Department | 675.15 | 4,143.85 | 4,819.00 | 1,642.28 | 3,176.72 | 65.92 |
| 5 | 42-Rural Development Department | 15,320.04 | 3,631.87 | 18,951.91 | 12,776.67 | 6,175.24 | 32.58 |
| 6 | 48- Urban Development and Housing Department | 4,413.59 | 947.71 | 5,361.30 | 3,297.02 | 2,064.28 | 38.50 |
| 7 | 51-Social Welfare Department | 6,646.24 | 2,900.40 | 9,546.64 | 6,303.20 | 3,243.44 | 33.97 |
| Total Revenue | | 68,140.92 | 18,954.17 | 87,095.09 | 59,163.60 | 27,931.49 | 32.07 |
| (B) CAPITAL | | | | | | | |
| 8 | 3-Building Construction Department | 3,193.67 | 475.38 | 3,669.05 | 2,650.41 | 1,018.64 | 27.76 |
| 9 | 37-Rural Works Department | 9,305.97 | 1,000.00 | 10,305.97 | 2,951.29 | 7,354.68 | 71.36 |
| Total Capital | | 12,499.64 | 1,475.38 | 13,975.02 | 5,601.70 | 8,373.32 | 59.92 |
| Grand Total (A+B) | | 80,640.56 | 20,429.55 | 1,01,070.11 | 64,765.30 | 36,304.81 | 35.92 |

(Source: Appropriation Accounts for the year 2018-19).

Further, scrutiny of savings under all grants made after deducting the savings against budget allocation of salary and establishment revealed that out of total allocation for schemes and capital heads (₹ 1,10,998.46 crore), an expenditure of ₹ 74,864.93 crore was incurred resulting in savings of ₹ 36,133.53 crore (32.55 per cent of total allocation). Reasons for savings have not been intimated.

Thus, the Departments failed to fully utilise the budgetary allocation for socio-economic development and creation of assets of the State.

Further, there were significant variations (20 per cent and above in each case) between the total grant/appropriation and expenditure incurred leading to savings of ₹ 42,302.53 crore under 29 grants/appropriations, the reasons for which have not been appropriately explained in the Appropriation Accounts as detailed in **Appendix 2.2**.

Recommendation: *The Finance Department should ensure that all anticipated savings are surrendered on time so that the funds can be utilised for other development purposes.*

2.3.2 Persistent savings

Scrutiny of savings of ₹ 100 crore and above in each grant/appropriation during the last five years revealed that in 27 cases involving 25 grants/appropriations, there were persistent total savings of ₹ 29,000.34 crore and above during each of the five years as detailed in **Appendix 2.3**.

Recommendation: *The Finance Department should review the reasons for persistent savings and take necessary steps to avoid such situations to ensure optimum utilisation of amounts allocated.*

2.3.3 Unnecessary supplementary provision

During 2018-19, in 43 cases (37 grants/appropriations), supplementary provisions amounting to ₹ 18,273.32 crore (₹ 10 lakh or more in each case) proved unnecessary as the expenditure (₹ 1,02,539.14 crore) was not even up to the level of the original provision (₹ 1,24,981.48 crore) as detailed in **Appendix 2.4**.

2.3.4 Excessive / Unnecessary Re-appropriation of funds

Re-appropriation of ₹ 96.95 crore under 18 grants/appropriations involving 31 detailed heads proved unnecessary as ₹ 287.04 crore was surrendered and the final savings were ₹ 57.12 crore (**Appendix 2.5**). It was also seen that ₹ 264.75 crore provided through re-appropriation in eight grants/appropriations involving 14 detailed heads, proved excessive in view of savings of ₹ 109.43 crore (**Appendix 2.6**). This indicated injudicious re-appropriation without assessing actual requirements.

Further, there was excess expenditure of ₹ 0.30 crore in three cases, which can partly be attributed to ₹ 4.50 crore being injudiciously withdrawn through re-appropriations and surrender of ₹ 71.75 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 | Excess Expenditure |
|--------------|-----------|---|-----------------|----------------------|-----------------|---------------|--------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | 16 | 2515-00-001-0003- Establishment of District Panchayat | 255.79 | 0.77 | 45.42 | 209.67 | 0.07 |
| 2. | 29 | 2853-02-001-0001- Mining and Geological Establishment | 51.13 | 0.03 | 21.70 | 29.45 | 0.05 |
| 3. | 32 | 2011-02-101-0005-Members | 67.50 | 3.70 | 4.63 | 59.35 | 0.18 |
| Total | | | 374.42 | 4.50 | 71.75 | 298.47 | 0.30 |

(Source: Grants Audit Register & Detailed Appropriation Accounts for the year 2018-19)

Similarly, insufficient withdrawal of fund through re-appropriations (₹ 383.93 crore) in 49 cases under 21 grants/appropriations resulted in savings of ₹ 992.62 crore as shown in **Appendix 2.7**.

Recommendation: The Finance Department should agree to re-appropriation proposals from grant controlling officers only if the trend of expenditure warrants these.

2.3.5 Substantial surrender

Out of the total provision of ₹ 33,969.57 crore in 46 cases under 12 grants/ appropriations, ₹ 24,715.98 crore (72.76 per cent) was surrendered (₹ 100 crore and more than 50 per cent of the total provision in each case) as detailed in **Appendix 2.8**. Further, there was cent per cent surrender of funds (₹ 4,686.68 crore) in 232 detailed head of accounts under 38 grants/ appropriations (**Appendix 2.9**). Such substantial surrenders indicated that either the budgeting was done without due prudence or that there were serious slippages in programme implementation.

The Departments attributed surrender of funds to revision in plan outlay, non-receipt of administrative approval and non-receipt of requisition from divisions, non-receipt of sanction of the scheme, late consent from National Cooperative Development Corporation, non-receipt of fund from GoI in *Rastriya Gram Swaraj Abhiyan* etc.

2.3.6 Surrenders in excess of actual savings

Against savings of ₹ 2,857.49 crore, the amount surrendered was ₹ 3,363.48 crore (₹ five lakh and above in each case), resulting in excess surrender of ₹ 505.99 crore in nine Departments as shown in **Table 2.4**. Thus, an amount of ₹ 505.99 crore was reflected in expenditure as well as surrendered amount. Such surrenders in excess of actual savings indicated that the Departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements.

Table 2.4: Surrender in excess of actual savings during the year 2018-19*(₹ in crore)*

| Sl. No. | Number and name of the grant | Total grant | Saving | Amount surrendered | Amount surrendered in excess (5-4=6) |
|-----------------------|------------------------------|-------------|--------|--------------------|--------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Revenue- Voted | | | | | |
| 1 | 6-Election Department | 129.49 | 14.03 | 14.39 | 0.36 |

| Sl. No. | Number and name of the grant | Total grant | Saving | Amount surrendered | Amount surrendered in excess (5-4=6) |
|---------|--|------------------|-----------------|--------------------|--------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2 | 16-Panchayati Raj Department | 10,245.17 | 1,836.67 | 1,878.82 | 42.15 |
| 3 | 25-Information Technology Department | 264.58 | 173.66 | 192.85 | 19.19 |
| 4 | 29-Mines And Geology Department | 51.96 | 21.88 | 21.93 | 0.05 |
| 5 | 32-Legislature | 182.97 | 12.94 | 13.24 | 0.30 |
| 6 | 38-Registration, Excise and Prohibition Department | 204.44 | 42.31 | 42.52 | 0.21 |
| 7 | 40-Revenue and Land Reforms Department | 791.25 | 238.51 | 238.84 | 0.33 |
| | Total Revenue | 11,869.86 | 2,340.00 | 2,402.59 | 62.59 |
| | Capital- Voted | | | | |
| 8 | 36-Public Health Engineering Department | 2,125.84 | 325.25 | 451.09 | 125.84 |
| 9 | 41-Road Construction Department | 5,747.21 | 192.24 | 509.80 | 317.56 |
| | Total Capital | 7,873.05 | 517.49 | 960.89 | 443.40 |
| | Grand Total | 19,742.91 | 2,857.49 | 3,363.48 | 505.99 |

(Source: Appropriation Accounts for the year 2018-19)

2.3.7 Anticipated savings not surrendered

As per rule 104 of the Bihar Budget Manual (BBM), spending departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2018-19, though savings of ₹ 926.48 crore (₹ one crore or more and above 10 *per cent* of total provisions in each case) occurred in 11 Major Heads under nine grants/appropriations, ₹ 569.83 crore (61.50 *per cent*) was not surrendered by the spending departments as detailed in **Appendix 2.10**. This is indicative of inadequate financial control and resulted blockage of funds.

Besides, in 109 cases (in excess of ₹ 10 crore and 10 *per cent* of the total provisions in each case) under 45 grants/appropriations, ₹ 27,279.98 crore (15.83 *per cent*) out of the total provision (₹ 1,72,346.95 crore) was surrendered on the last working day of the financial year as detailed in **Appendix 2.11**.

Recommendation: The Finance Department should ensure timely surrender of funds by watching the flow of expenditure through monthly expenditure statements and evolve a system of timely budgetary releases to departments to minimise the surrenders.

2.3.8 Rush of Expenditure

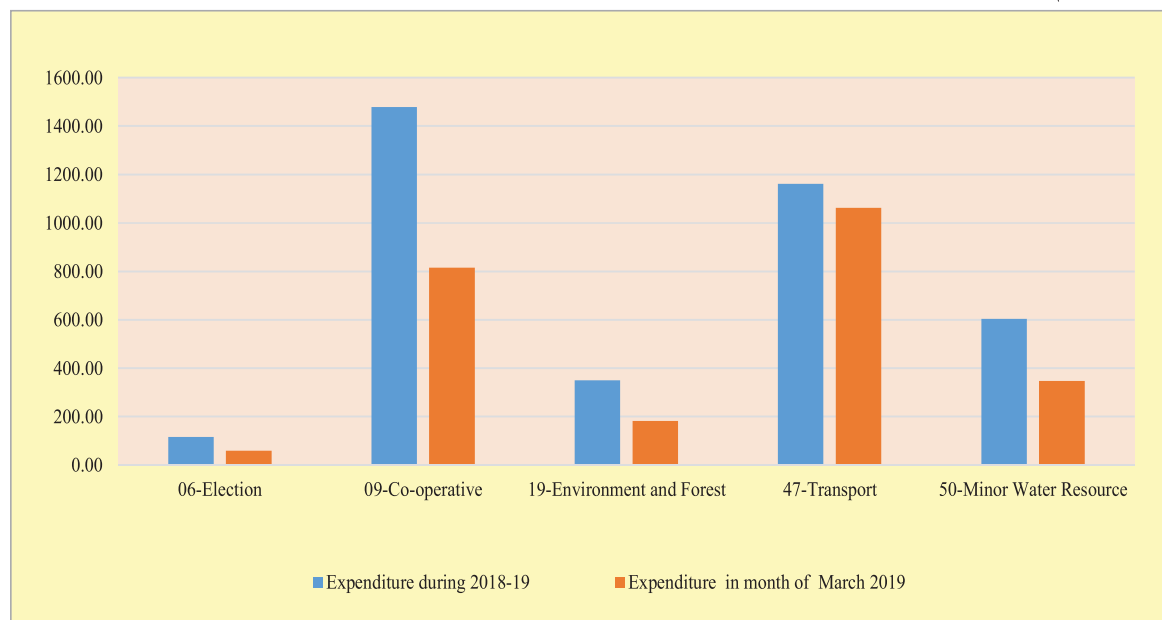
The BBM stipulates that late allotments should be avoided unless they are inevitable. Funds placed at the disposal of a Disbursing Officer late in the year are very often an invitation to extravagance or rush of expenditure. Uniform flow of expenditure is essential to ensure that the primary requirement of budgetary control is maintained.

Scrutiny of expenditure (50 *per cent* and above) during the last quarter of the year and in the month of March 2019 revealed that in 14 Departments, expenditure (₹ 17,951.71 crore) incurred during the last quarter was 56.33 *per cent* of total expenditure (₹ 31,870.31 crore) during the year and expenditure incurred (₹ 12,151.88 crore) in the month of March 2019 was 38.13 *per cent* of total expenditure as detailed in **Appendix 2.12**. Further, ₹ 2,467.69 crore

(66.49 *per cent*) of total expenditure (₹ 3,711.43 crore) was made under five Departments in March 2019 (cases of expenditure of 50 *per cent* or more) as depicted in **Chart 2.1**.

Chart 2.1: Rush of expenditure during 2018-19

(₹ in crore)



(Sources: Finance Accounts for the year 2018-19)

Thus, a substantial amount of expenditure was incurred by the Departments at the fag end of the year which indicates deficient financial management, lack of effective control and a tendency to utilise the budget at the fag end of the financial year. During the exit conference the Finance Department accepted the same and stated that delay in receipt of Central share is also one of the reasons for rush of expenditure.

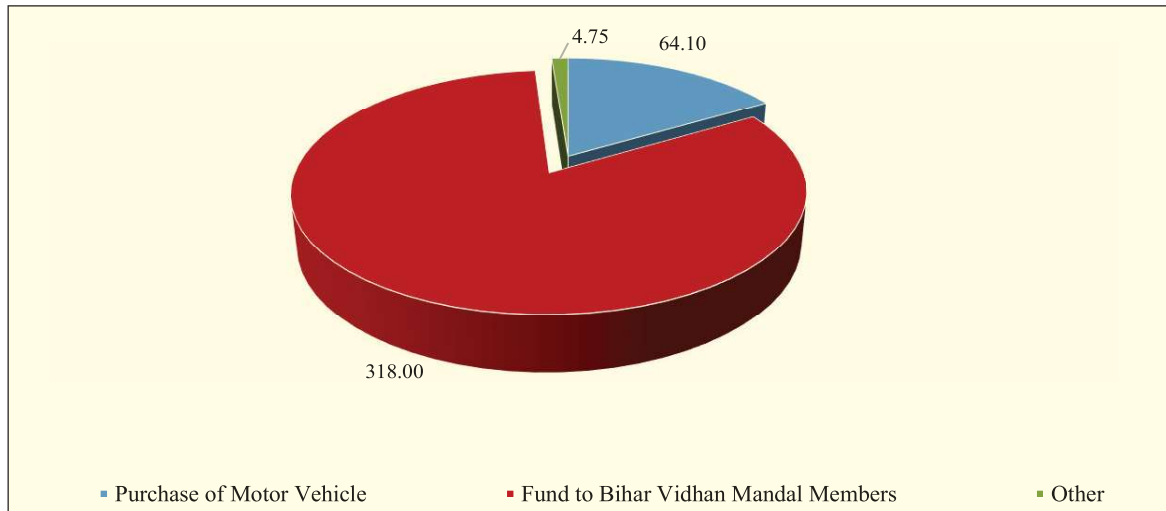
2.4 Advances from Contingency Fund

The Contingency Fund of the State was 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.

Through the Bihar Contingency Fund (Amendment) Act 2015, the State Government increased the corpus of the Contingency Fund from ₹ 350 crore to ₹ 7,079.61 crore, on temporary basis, for the period 1 April 2018 to 30 March 2019 for relief on natural calamities like drought and earthquake and to meet the State share of GoI sponsored projects for which budget provisions had not been made and expenditure was to be made immediately. Fifty *per cent* of the total amount so enhanced was to be used only for relief and rehabilitation measures due to natural calamities. In comparison, the Contingency Fund of GoI and the neighbouring¹ states was far less. It was observed that the State Government made 109 withdrawals amounting to ₹ 4,353.49 crore from the Contingency Fund, out of which 34 withdrawals amounting to ₹ 386.85 crore (8.89 *per cent*) were made for events of foreseeable nature as depicted in the following **chart 2.2** and detailed in **Appendix 2.13**.

¹ GoI, Madhya Pradesh and Jharkhand: ₹ 500 crore each, Uttar Pradesh: ₹ 600 crore.

Chart 2.2: Non-contingent expenditure incurred from Contingency Fund
(₹ in crore)



(Source: Records of Finance Department, GoB)

Scrutiny revealed that in 12 Departments, an amount of ₹ 64.10 crore was incurred on purchase of vehicles from the Contingency Fund instead of from the regular budget. No specific reasons were mentioned for procuring these vehicles from Contingency Fund. Further, ₹ 318 crore was withdrawn from Contingency Fund for a State scheme i.e. *Mukhyamantri Kshetra Vikash Yojana* due to increase in legislators' local area development fund. Reasons were not provided for not incurring the expenditure from the regular budget.

It was also noticed that the expenditure on natural calamities during the year 2018-19 was ₹ 1,725.00 crore (39.62 per cent) against the condition of 50 per cent on natural calamities. The expenditure on natural calamities during the last five years is shown in **Table 2.5**.

Table 2.5: Expenditure on natural calamities from the Contingency Fund
(₹ in crore)

| Sl. No. | Year | Total expenditure from Contingency Fund | Expenditure on natural calamities | Percentage of total expenditure |
|---------|---------|---|-----------------------------------|---------------------------------|
| 1. | 2014-15 | 1,875.84 | 204.52 | 10.90 |
| 2. | 2015-16 | 6,117.60 | 2,205.00 | 36.04 |
| 3. | 2016-17 | 4,416.63 | 1,524.42 | 34.52 |
| 4. | 2017-18 | 4,949.21 | 3,898.33 | 78.77 |
| 5. | 2018-19 | 4,353.49 | 1,725.00 | 39.62 |

(Source: Records of Finance Department)

It was incumbent on the Finance Department to make budgetary provisions for the above routine expenditure and secure prior legislative approval as contemplated in the Constitution as part of the annual budgetary exercise. The Finance Department failed to comply with the Constitutional provisions and the Contingency Fund was being used as an imprest account.

The Department stated (January 2020) that funds from the Contingency Fund is being provided due to non-provision in budget, State share against Central share which was not anticipated, other contingent expenditure which was not anticipated earlier and for compliance of orders of Hon'ble High Court and other courts. It was also stated that on the issue of purchasing of vehicle, action will be taken by the concerned administrative Department.

Recommendation: *The Finance Department should review the practice of such large annual increases in the Contingency Fund corpus and should ensure that advances from the Contingency Fund are utilised only for intended purposes as contemplated under the Constitution and the Bihar Contingency Fund Act.*

2.5 Unnecessary Retention of Funds

The Bihar Treasury Code (BTC), 2011 stipulates that no money shall be drawn from the treasury in anticipation of demands or to prevent lapse of budget grants and unspent balances should be refunded to the treasury before the end of the same financial year.

Test check of vouchers entered in VLC during the year 2018-19 revealed that in 15 cases, an amount of ₹ 16.13 crore was drawn on AC bills during the period 2007-08 to 2016-17, out of which, an amount of ₹ 3.66 crore (23 per cent) was remitted after retention for periods ranging from 11 months to 114 months (**Appendix 2.14**).

Further, in 11 cases, the entire amount of ₹ 1.24 crore drawn on AC bills during the period from 2007-08 to 2016-17 was remitted after retaining the funds for periods ranging from 14 months to 118 months (**Appendix 2.15**).

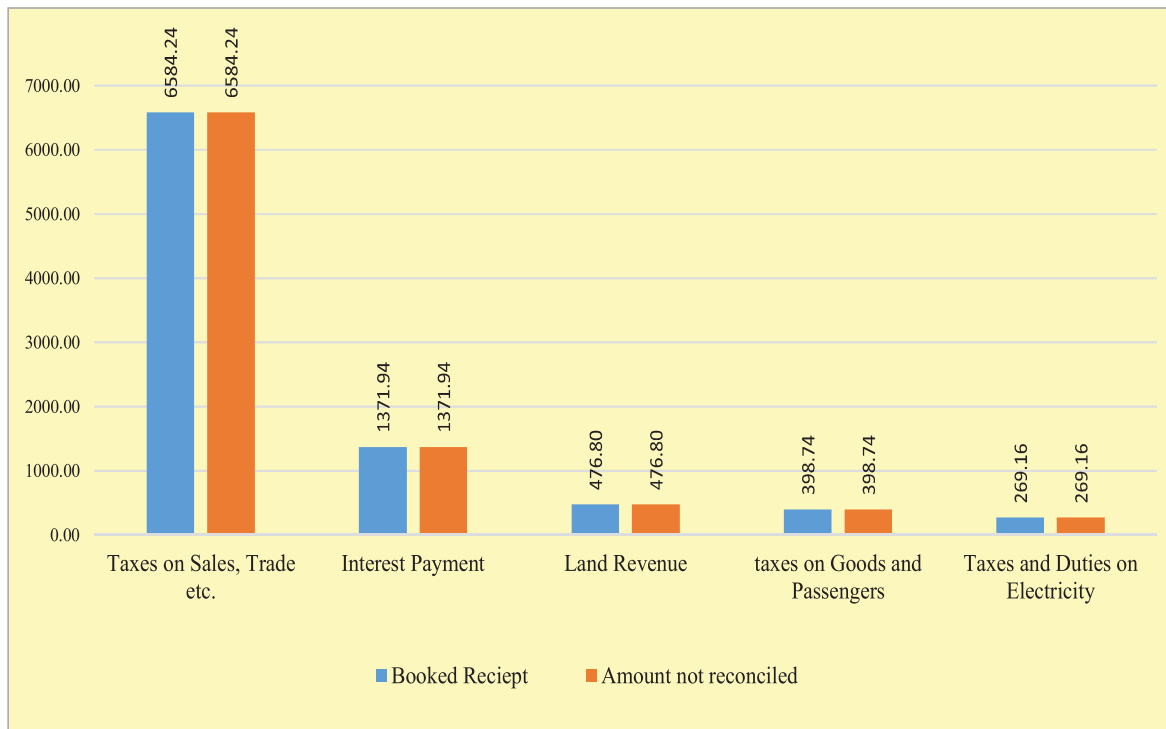
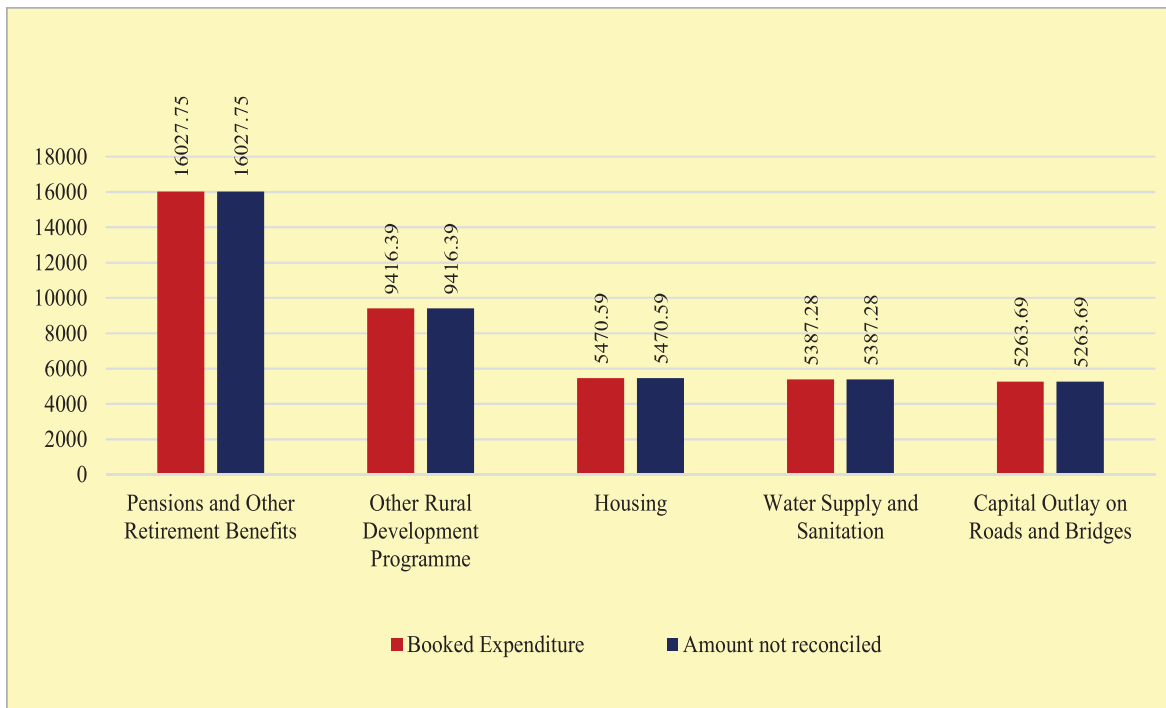
Unspent balances not transferred to the Consolidated Fund before the closure of the financial year entails risk of misuse of public funds, fraud and misappropriation.

Recommendation: *A Management Information System (MIS) should be devised by the Finance Department, which helps in bringing out the annual unspent amount of AC bills drawn at DDO's level. Disciplinary action should be initiated against officers/officials who draw funds on AC bills and fail to transfer unspent balances to Consolidated Fund before the closure of the financial year.*

2.6 Unreconciled receipts and expenditure

Rule 475 (viii) of the Bihar Financial Rules states that Heads of Departments (HODs) and the AG (A&E), will be jointly responsible for the reconciliation of the figures given in their respective accounts maintained by the HoDs with those that appear in the books of AG (A&E). Further, as per rule 96 of the BBM, 2016, the Controlling Officers, after consolidating the monthly figures received from Disbursing Officers under their control, should get the monthly/quarterly figures reconciled with those recorded in the books of AG (A&E). In this regard, several reminders from AG (A&E) office were issued to the Finance Department and the last date for reconciliation was fixed as 15 June 2019 by the AG (A&E), but the reconciliation was not completed till September 2019.

Audit observed that HoDs did not reconcile (cases of ₹ 10 crore and above) receipts amounting to ₹ 22,447.47 crore (39 per cent) out of total receipts of ₹ 57,779.17 crore under 31 Major heads and expenditure amounting to ₹ 1,27,896.89 crore (88 per cent) out of total expenditure of ₹ 1,44,776.10 crore under 80 major heads during 2018-19 with the books of the AG (A&E) (**Appendix 2.16**). Significant cases of cent per cent non-reconciliation of receipts and expenditure heads respectively are depicted in **Charts 2.3** and **2.4**.

Chart 2.3: Receipts not reconciled**Chart 2.4: Expenditure not reconciled**

Recommendation: The Finance Department should develop a mechanism for making it mandatory for the Controlling Officers to reconcile their receipts and expenditure with the books of the AG (A&E) on a monthly basis.

Review of selected grants

A review of the budgetary procedures and control over expenditure was conducted (August to November 2019) in respect of Grant No. 09- “Co-Operative Department”, Grant No. 20- “Health Department” and Grant No. 23- “Industries Department” on the basis of saving, excess and magnitude of the grants and supplementary demands made during the year 2018-19. The results of review are detailed below:

2.7 Grant No. 09 – Co-Operative Department

Six Major Heads (2401, 2408, 2425, 3451, 4425 & 6425) were operated in this Grant in the financial year 2018-19.

Table 2.6: Position of summarised appropriation for 2018-2019

(₹ in crore)

| Sl. No. | Budget Estimate | Original provision | Supplementary provision | Total provision (3+4) | Total Expenditure | Savings (5-6) | Savings as a percentage of total provision |
|---------|-----------------|--------------------|-------------------------|-----------------------|-------------------|-----------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | Revenue | 732.47 | 1,090.33 | 1,822.80 | 979.63 | 843.17 | 46.26 |
| 2 | Capital | 74.04 | 974.16 | 1,048.20 | 817.93 | 230.27 | 21.97 |
| | Total | 806.51 | 2,064.49 | 2,871.00 | 1,797.56 | 1,073.44 | 37.39 |

(Source: Detailed Appropriation Accounts of GoB for the year 2018-19)

Scrutiny of records for the year 2018-19 revealed the following:

- Saving of 37.39 per cent (₹ 1,073.44 crore) under capital and revenue voted head shows improper estimation of provision by the Department.

The Department in its reply (October 2019) stated that the budget estimate was prepared four months before the following financial year. In the financial year 2018-19, expenditure of ₹ 1,797.81 crore was incurred out of total provision of ₹ 2,871.00 crore as appearing in website of CTMIS of Bihar Government. Hence, ₹ 1,072.18 crore was surrendered. This difference in figure of expenditure and savings is due to non- reconciliation of figures of the Department and the figures of actual expenditure booked by AG (A&E).

- An amount of ₹ 2.21 crore was made under the Major head 2425 through supplementary provision, whereas only ₹ 119.77 crore was spent against original provision of ₹ 123.28 crore. (**Appendix 2.17**).
- ₹ 386.12 crore under four Major Heads (2401, 2408, 2425 and 6425) remained un-utilised and was completely surrendered (**Appendix 2.18**).
- ₹ 879.60 crore (39.04 per cent) was surrendered out of the total provision of ₹ 2,253.17 crore in 26 cases as on 31 March of the year 2019 (**Appendix 2.19**).

The Department replied that savings had been made due to surrender of an amount of ₹ 375.00 crore because of non-receipt of share money from National Cooperative Development Corporation, New Delhi and retirement of officers/officials, non-sanctioning of earned leave, deputation etc.

2.8 Grant No. 20 – Health Department

Six Major heads (2210, 2211, 2230, 2235, 2251 and 4210) were operated in this grant in the financial year 2018-19.

Table-2.7: Position of summarised appropriation for 2018-19

(₹ in crore)

| Budget Estimate | Original Provision | Supplementary Provision | Total provision | Total Expenditure | Savings (4-5) | Savings in percentage |
|-----------------|--------------------|-------------------------|-----------------|-------------------|-----------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Revenue Voted | 6,698.59 | 1,523.57 | 8,222.16 | 6,344.28 | 1,877.88 | 22.84 |
| Capital Voted | 1,095.22 | 520.16 | 1,615.38 | 1,134.01 | 481.37 | 29.80 |
| Total | 7,793.81 | 2,043.73 | 9,837.54 | 7,478.29 | 2,359.25 | 23.98 |

(Source: Appropriation Accounts of the year 2018-19)

Scrutiny of records for the year 2018-19 revealed the following:

- An amount of ₹ 2,136.47 crore (21.72 per cent) was surrendered against the total provision of ₹ 9,837.54 crore. The reasons for surrender were mainly due to funds not requisitioned by the concerned districts, scheme related to construction of hospitals and health centres not sanctioned due to model Code of Conduct, non-estimation of transfer and posting of employees, non-estimation of savings of stock of medicine, tools and plant, non-estimation of food/diet, non-estimation of contractual services, schemes not sanctioned due to non-availability of estimates etc.
- Out of total surrendered amount of ₹ 2,136.47 crore, an amount of ₹ 1,567.87 crore was surrendered on the last day of the financial year (73.39 per cent) thus depriving use of the funds for other purposes (details in **Appendix 2.20**).
- The supplementary provision of ₹ 113.01 crore during the year 2018-19, under Major heads 2210, 2211 and 4210 meant for Patna medical college and hospital, human resource in health and medical education, rural family welfare centre, Directorate of indigenous Ayurvedic medicines and for new medical college and para-medical institutions etc. proved unnecessary as the expenditure (₹ 681.70 crore) did not come up to the level of original provision (₹ 971.69 crore) as detailed in **Appendix 2.21**.
- Supplementary provision of ₹ 1,349.96 crore meant for human resources in health and medical education, whole vaccination scheme under Chief Minister's *Kanya Utthan Yojna*, Ayushman Bharat-National health security, construction of buildings of health sub centre/additional primary health centre etc., under Major heads 2210, 2211 and 4210 proved excessive in view of final savings of ₹ 766.05 crore as detailed in **Appendix 2.22**.
- The entire provision of ₹ 177.13 crore in 16 detailed heads under four Major heads (2210, 2211, 2235 and 4210) pertaining to patients' welfare societies, regional Geriatric Centre, medicinal plants related mission including national AYUSH mission, education fees fixation committee, admission supervision committee, social securities for unorganised labour including national health insurance scheme, construction of residential and office building of district medical officer etc., remained unutilised and was surrendered as detailed in **Appendix 2.23**.

- In 16 cases under five Major heads (2210, 2211, 2230, 2235 and 4210), ₹ 1,182.61 crore (68.17 *per cent* of total allocation of ₹ 1,734.90 crore) and ranging between 50 *per cent* to 99 *per cent* of allocation under the heads of account pertaining to mental hospital, Jannayak Karpuri Thakur medical college, Madhepura, human resources in health and medical education, whole vaccination scheme under Chief Minister's *Kanya Utthan Yojna*, Ayushman Bharat-national health security, land for new medical colleges and para-medical institutions, construction of Auxilliary Nursing Midwifery (ANM) and General Nursing Midwifery (GNM) school etc., was surrendered during the year as detailed in *Appendix 2.24*.

2.9 Grant No. 23 – Industries Department

Six Major heads (2851, 2852, 3451, 4851, 4885 & 5465) were operated in this grant in the financial year 2018-19.

Table 2.8: Position of summarised appropriation for 2018-19

(₹ in crore)

| Sl. No. | Budget Estimate | Original Provision | Supplementary Provision | Total provision | Total Expenditure | Savings (5-6) | Savings in percentage |
|---------|-----------------|--------------------|-------------------------|-----------------|-------------------|---------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | Revenue | 607.94 | 105.81 | 713.75 | 614.48 | 99.27 | 13.91 |
| 2 | Capital | 14.10 | 15.00 | 29.10 | 17.03 | 12.07 | 41.48 |
| | Total | 622.04 | 120.81 | 742.85 | 631.51 | 111.34 | 14.99 |

(Source: Detailed Appropriation Accounts Government of Bihar for the year 2018-19)

Scrutiny of records for the year 2018-19 revealed the following:

- Savings of ₹ 111.34 crore (14.99 *per cent*) under revenue and capital voted head shows improper estimation of provision by the Department.

In reply, the Department was silent on the reasons for savings and stated that there was saving of ₹ 43.06 crore only after deducting the surrendered amount of ₹ 66.24 crore. The reply is not acceptable as the surrender was also from the funds which could not be utilised.

- An amount of ₹ 3.18 crore was made under the Major heads 2851 and 2852 through supplementary provision, whereas only ₹ 47.77 crore was spent against the original provision of ₹ 71.93 crore. Thus, the supplementary provision proved unnecessary as the expenditure did not came upto the level of original provision (*Appendix 2.25*).

In reply, the Department stated that due to some special liability of officers and employees of the field offices and the possibility of posting in vacant posts in the Department, provision of more amount was made in the establishment and committed expenditure item. Expenditure could not be made due to non-passing of bill by treasury (₹ 5.00 crore) and late approval of re-appropriation (₹ 0.63 crore) by the Finance Department. Precautions will be taken for supplementary provision in the future.

- ₹ 27.87 crore of ten detailed head under two Major heads 2851 and 4851 remained un-utilised and was completely surrendered (*Appendix 2.26*).

In reply, the Department stated that a scheme for Scheduled Caste and Scheduled Tribe entrepreneurs was started in the last financial year, for which budgetary provision was to be made from surrender of earlier allocation under different schemes of the Department.

- ₹ 42.55 crore (7.63 *per cent*) was surrendered out of the total provision of ₹ 544.36 crore in 24 cases as on 31 March of the year 2019 (**Appendix 2.27**).
- Departmental expenditure figures were not reconciled with the figure of actual expenditure booked by AG (A&E) which resulted in differences in the figures of expenditure amounting to ₹ 2.03 crore (**Appendix 2.28**).

The Department stated (January 2020) that reply will be given after verification of difference amount. Their reply was awaited (February 2020).