

## CHAPTER 3

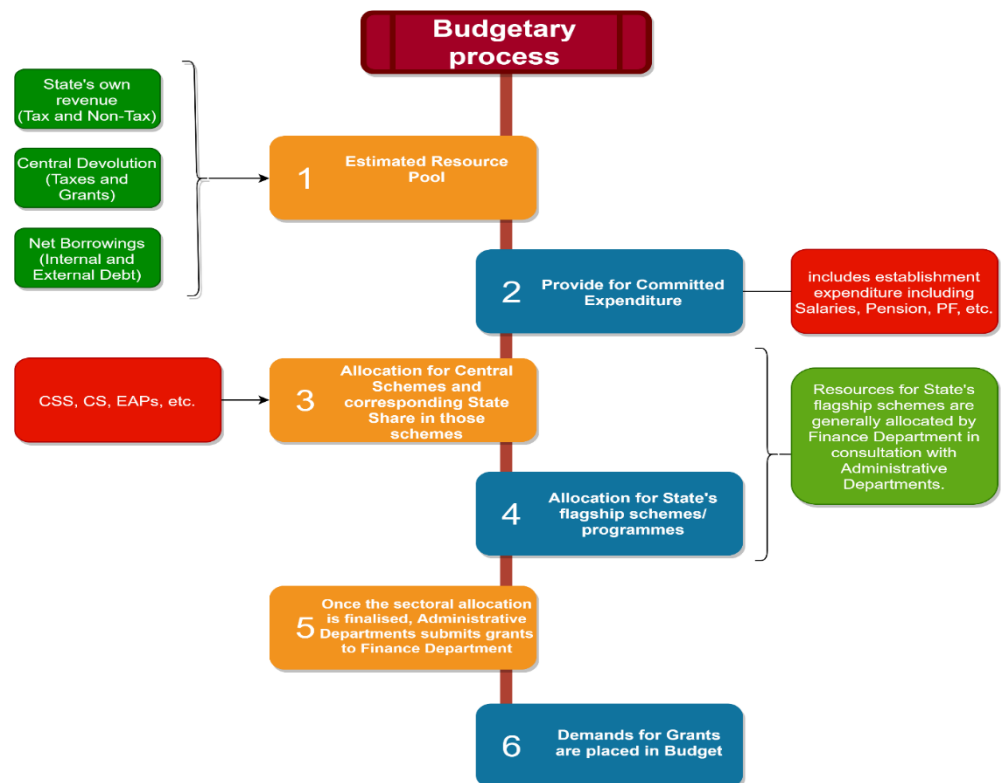
### BUDGETARY MANAGEMENT

#### Introduction

This chapter reviews the integrity, transparency, and effectiveness of the budgetary process and allocative priorities, including supplementary grants, and the concomitant financial management, assessing whether decisions taken at the policy level are implemented at the administrative level without the diversion of funds. It is based on the audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

#### 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issuance of the Budget Circular by the Finance Department containing instructions to be followed by all Departments in the preparation of revised estimates for the current year and the Budget Estimates for the next financial year, normally in August-September each year. It also contains sample formats for the preparation of estimates as uniformity. A budget preparation process in a State is given in the figure below:

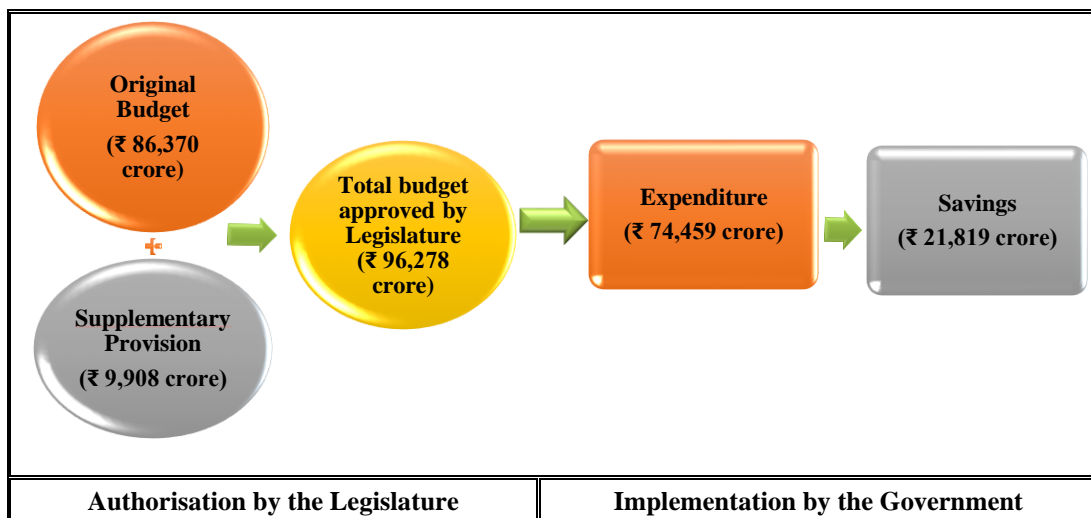


Audit of appropriations conducted to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and whenever the expenditure required to be charged under the provisions of the Constitution, is so charged. Also it was

ascertained whether the expenditure so incurred was in conformity with the law, relevant rules and regulations and instructions.

The various components of budget are depicted in the **Chart 3.1**.

**Chart 3.1: Components of budget**



Source: Appropriation Accounts

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged are given in **Table 3.1**.

**Table 3.1: Budget provision, disbursement and savings/excess during the financial year**

(` in crore)

Nature of Expenditure	Total budget		Disbursement		Savings (+)/ excess (-)	
	Voted	Charged	Voted	Charged	Voted	Charged
(I) Revenue	73,171.79	6104.89	53,651.29	6,217.05	19,520.50	-112.16
(II) Capital	10,458.97	0.00	8,465.66	0.00	1,993.31	0.00
(III) Loans and Advances and Inter State Settlement	3,785.47	2,756.96	3,379.77	2,744.82	405.70	12.14
<b>Total</b>	<b>87,416.23</b>	<b>8,861.85</b>	<b>65,496.72</b>	<b>8,961.87</b>	<b>21,919.51</b>	<b>-100.02</b>

During 2020-21, the total savings of ` 21,819.49 crore (22.66 per cent of the total budget) was the result of savings of ` 19,553.29 crore in 54 voted grants and four appropriations under the Revenue Section and ` 2,411.14 crore in 32 grants and one appropriation under the Capital Section. There was an excess expenditure of ` 144.95 crore in one appropriation *i.e.*, no. 13-Interest Payment under Revenue Section.

Further, it was observed that out of total savings of ` 21,819.49 crore during 2020-21 savings of ` 14,135.95 crore occurred under nine<sup>1</sup> grants the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings of ` 6,500.64 crore during each of the last four years (2017-21).

Also, during 2020-21, savings of ` 21,819.49 crore was surrendered in the month of March 2021 leaving the Finance Department virtually no time to reallocate the funds to other needy Departments. It also defeats the objective of achieving efficiency in budget management.

A detailed review of the Appropriation Accounts of the Government of Jharkhand 2020-21 revealed that except in a few cases, reasons for savings/excess against the budget provisions of the schemes/sub-heads were not furnished by the departments.

### 3.1.2 Charged and Voted disbursements

Break-up of total disbursement into charged and voted during the last five years (2016-21) is given in **Table 3.2**.

**Table 3.2: charged and voted disbursement during 2016-21**

(` in crore)

Year	Disbursements		Saving (+)/ Excess (-)	
	Voted	Charged	Voted	Charged
2016-17	53,108.80	6,324.00	13,057.61	475.30
2017-18	60,105.66	7,709.46	14,191.49	154.67
2018-19	57,908.04	8,022.04	18,727.57	1,496.17
2019-20	61,431.27	9,661.98	23,466.38	205.01
2020-21	65,496.72	8,961.87	21,919.51	-100.02

**Table 3.2** shows that the budget provisions under voted section were not fully utilised by the departments and a huge savings occurred every year during the period 2016-21. A large share of provisions under charged sections were also not utilised during the last four years (2016-20) and a significant part of budget provisions was surrendered by the departments.

### 3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Articles 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised

<sup>1</sup> 1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division) (` 2,069.46 crore), 10-Energy Department (` 1,622.16 crore), 20-Health, Medical Education and Family Welfare Department (` 940.62 crore), 22-Home, Jail & Disaster Management Department (Home Division) (` 823.35 crore), 36-Drinking Water and Sanitation Department (` 1,552.54 crore), 42-Rural Development Department (Rural Development Division) (` 2,433.26 crore), 55-Rural Development Department (Rural Works Division) (` 993.95 crore), 59-School Education and Literacy Department (Primary & Adult Education Division) (` 2,368.79 crore) and 60-Women, Child Development and Social Security Department (` 1,331.82 crore)

by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### 3.2.1 Expenditure incurred without budget provision

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Expenditure on new scheme/service should not be incurred without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

As per Article 115(1)(a) and 205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/ State assembly earlier, including a new activity or a new form of investment.

‘New Instrument of Service’ means relatively large expenditure arising out of important expansion of an existing activity.

Audit scrutiny revealed that in three grants/appropriation, ` 61 lakh or more was incurred without budget provision in five cases. The total expenditure without provision was ` 570.69 crore during the year. Details are given in **Table 3.3**.

**Table 3.3: Summary of Expenditure without Budget Provision**

Grant/ Appropriation	Expenditure (` in crore)	Number of Schemes/ Sub Heads
13-Interest Payment	68.97	2
14-Repayment of Loans	500.00	1
49-Water Resources Department	1.72	2
<b>Total</b>	<b>570.69</b>	<b>5</b>

As can be seen from **Table 3.3**, huge expenditure was incurred on Interest payments and Repayment of Loans during 2020-21. Expenditure on Interest payments and Repayments of Loans were committed expenditure and the State was expected to be well aware of such liabilities at the time of preparation of estimates even though, sufficient provisions were not made by the State to cover these expenditures

### 3.2.2 Fund credited under Minor Head 800 of Major Head 8443

It was observed during verification of statement no. 21 of the Finance Accounts that every year a significant amount was credited under Minor Head 800 of Major Head 8443 leading to a balance of ` 386.23 crore at the

end of March 2021. On further verification, it was observed that the amount credited under this head mainly pertains to fund allocated for compensation of land acquisition.

In December 2019, Government of Jharkhand, in consultation with AG (A&E), directed the state authorities to operate under Minor Head 106-Personal Deposit accounts of Major Head 8443-Civil Deposits. Accordingly, PD accounts in 24 district treasuries had been opened in the name of district land acquisition officers, but the amount previously booked under Minor Head 800 was not transferred to PD accounts.

### 3.2.3 Unnecessary supplementary grants

Rule 117 of the Bihar Budget Manual (BM) (as adopted by Jharkhand) states that supplementary grants should be obtained in consultation with the Finance Department to meet new specific items of expenditure or to cover probable excesses in the voted grant. Further, as per comments below Rule 57 of BM, the officer responsible for preparing estimate should be sure that there is no provision for a greater sum than that which can be spent.

As detailed in **Appendix 3.1**, out of total supplementary budget provision of ` 9,908.08 crore, supplementary provisions aggregating ` 5,400.83 crore (54.51 *per cent*) in 34 cases (` 0.50 crore or more in each case) during the year, proved unnecessary as the expenditure did not come up even to the level of the original provisions in most of the cases.

### 3.2.4 Unnecessary or excessive re-appropriation

‘Re-appropriation’ - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

During verification of grant registers, surrender orders, re-appropriation orders *etc.* it was observed that in several schemes additional funds were provided injudiciously to 19 sub-heads during 2020-21 (**Appendix 3.2**) which proved excessive. Under these schemes/sub-heads, in spite of savings ` 206.05 crore was provided through re-appropriation which resulted in saving of ` 266.20 crore.

Further, as shown in the **Appendix 3.2** in two cases amount was added by re-appropriation at one hand and surrenders were made on the other inspite of excess expenditure under those sub heads.

### 3.2.5 Unspent amount and surrendered appropriations and/or large savings/ surrenders

Budgetary allocations based on unrealistic proposals and poor monitoring mechanism increase the propensity of huge savings of the budget provisions.

#### 3.2.5.1 Savings above ` 100 crore or more

Out of total savings of ` 21,819.49 crore, savings of ` 20,348.96 crore (93.26 *per cent*) occurred in 26 grants<sup>2</sup> each amounting to more than

<sup>2</sup> Of these 25 grants relate to revenue (` 18,717.65 crore), 5 relate to capital (` 1,631.31 crore) and 4

` 100 crore (**Appendix 3.3**). No reasons for such large savings were explained by the departmental authorities.

Further, during 2020-21, savings in 11 grants under revenue section were ` 500 crore or more , which was indicative of unrealistic budget proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls. Details are given in **Appendix 3.4**. Savings of more than 35 per cent in nine grants during the last five years are given in **Table 3.4**.

**Table 3.4: Grants/Appropriations with non-utilisation of Budget more than 35 per cent**

Sl. No.	Grant	(in per cent)					No. of years*	Budget 2020-21 (` in crore)
		2016-17	2017-18	2018-19	2019-20	2020-21		
<b>Revenue</b>								
1	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	36	46	53	39	65	5	3,200.46
2	9-Agriculture, Animal Husbandry and Co-operative Department (Co-operative Division)	2	29	34	75	55	2	204.25
3	23-Industries Department	34	50	33	38	31	2	308.45
4	26-Labour, Employment and Training Department	39	45	32	50	57	4	553.91
5	36- Drinking Water and Sanitation Department	16	9	25	65	65	2	2,393.11
6	42- Rural Development (Rural Development Division)	27	40	33	36	30	2	7,985.72
7	51- SC, ST, Backward Class welfare Department	31	42	35	30	46	3	1,699.59
8	54-Agriculture, Animal Husbandry and Co-operative Department (Dairy Division)	31	43	55	76	47	4	170.63
<b>Capital</b>								
1	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	21	1	24	46	54	2	5.00
2	26-Labour, Employment, Training and Skill Development Department	48	56	87	87	58	5	135.15
3	60- Women, Child Dev. and Social Security Department	56	100	100	98	89	5	46.35

\* Number of years with savings above 35 per cent

These grants were related to the social and economic services and the expenditure was to be made for development purposes, however, the Government was unable to utilise the provisions year after year depriving the envisaged benefits to the targeted beneficiaries.

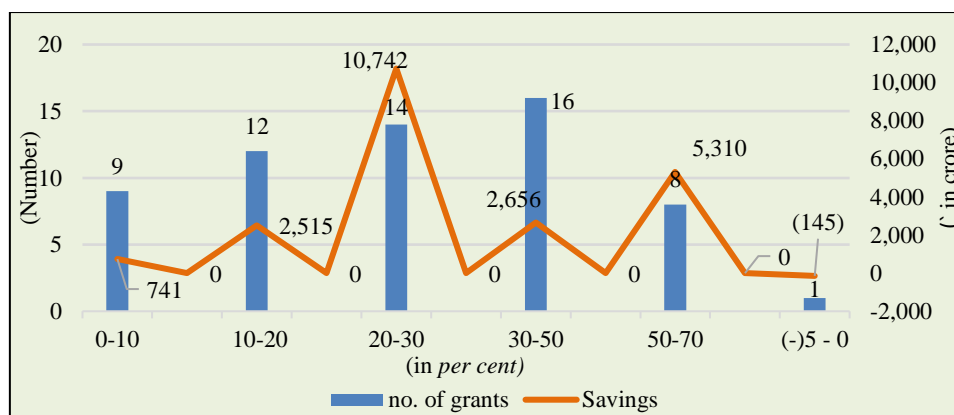
### 3.2.6 Surrender of funds in excess of ` 10 crore at the end of March

Verification of Appropriation Accounts of the state revealed that out of total savings of ` 21,819.49 crore, savings of ` 10 crore or more amounting to ` 21,621.96 crore (99 per cent) was surrendered at the end of March 2021

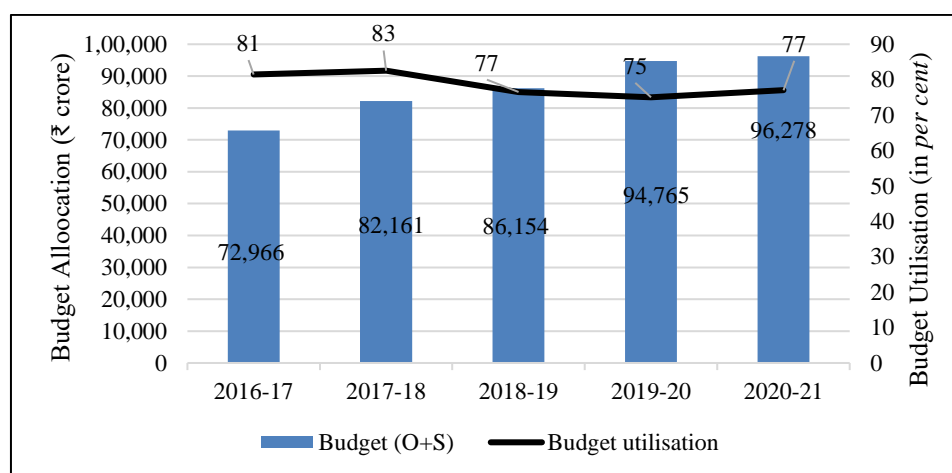
relate to both

leaving no scope for the Government to utilise the funds on other development schemes. Details are given in **Appendix 3.5**.

**Chart 3.2: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings**



**Chart 3.3: Budget Utilisation during 2016-17 to 2020-21**



As evident from **Chart 3.2**, 26 grants had savings between 10 and 30 *per cent* whereas, 16 grants had savings between 30 and 50 *per cent*. Eight grants had savings of more than 50 *per cent* which was against the principles of budgetary procedure. Further, **Chart 3.3** reflects budget allocations and its utilisation percentage in last five years.

### 3.2.7 Excess expenditure and its regularisation

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the Financial Year.

Excess disbursement over grant/appropriation violates the Article 205 of the Constitution which provides for regularisation of the excess grants by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.



### **3.2.7.1 Excess expenditure relating to 2020-21**

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of poor planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

As observed in the appropriation accounts excess expenditure of ` 144.95 crore was incurred in one appropriation (13- Interest Payment) during 2020-21.

Cases of excess expenditure over the provision of the financial year are to be carefully examined. Head-wise excess expenditure over the authorisation from the Consolidated Fund of State during the financial year 2020-21 have been given in **Appendix 3.6**.

### **3.2.7.2 Regularisation of excess expenditure of previous financial years**

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive. Excess disbursement over grant/appropriation amounting to ` 3,328.68 crore relating to 11 grants pertaining to the years 2001-02 to 2019-20 is yet to be regularised by the State Legislature as detailed in **Appendix 3.7**.

Three Grants/Appropriations (13-Interest payments, 14-Repayment of Loans and 15-Pension) accounted for ` 645.43 crore (19.39 per cent), ` 967.57 crore (29.07 per cent) and ` 1541.58 crore (46.31 per cent) of the total excess expenditure yet to be regularised from 2000-01 to 2019-20. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources. Excess expenditure of previous years was not regularised even after repeated reporting in State Finances Audit Report.

### **3.2.8 Grant-in-aid for creation of capital assets**

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

During 2020-21, ` 6,369.87 crore was given as grants for creation of capital assets to the bodies and authorities of the State, however, no such grant was booked as capital expenditure in accounts of the State.

## **3.3 Comments on transparency of budgetary and accounting process**

### **3.3.1 Budget projection and gap between estimates and actual**

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism, strong scheme implementation capacities/ internal controls lead to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries.



**Table 3.5: Summarised position of Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2020-21**

(` in crore)

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Expenditure	Net Savings	Surrender during March	
Voted	Revenue	67,217.79	5,954.00	73,171.79	53,651.29	19,520.50	All the surrenders made in the month of March	
	Capital	8,653.13	1,805.83	10,458.97	8,465.66	1,993.31		
	Loans & Advances	1,643.97	2,141.5	3,785.47	3,379.77	405.70		
	<b>Total</b>	<b>77,514.89</b>	<b>9,901.33</b>	<b>87,416.23</b>	<b>65,496.72</b>	<b>21,919.51</b>		
Charged	Revenue	6,098.15	6.74	6,104.89	6,217.05	-112.16		
	Capital	0.00	0.00	0.00	0.00	0.00		
	Public Debt- Repayment	2,756.96	0.00	2,756.96	2,744.82	12.14		
	<b>Total</b>	<b>8,855.11</b>	<b>6.74</b>	<b>8,861.85</b>	<b>8,961.87</b>	<b>-100.02</b>		
<b>Grand Total</b>		<b>86,370.00</b>	<b>9,908.07</b>	<b>96,278.08</b>	<b>74,458.59</b>	<b>21819.49</b>		

Source: Appropriation Accounts

**Table 3.5** shows that the overall saving of ` 21,819.49 crore was the result of saving of ` 19,553.28 crore in 58 grants and four appropriations under the Revenue Section and ` 2,411.15 crore in 33 grants under the Capital Section offset by excess of ` 144.95 crore in one appropriation under the Revenue Section leading to a final savings of ` 21,819.49 crore during the year. The head wise expenditure status was provided monthly to the State Government through Monthly Civil Accounts in spite of that no steps were taken to maintain a uniform flow of expenditure during the year.

Therefore, out of the total provision of 96,278.08 crore, an amount of ` 74,458.59 crore was spent by the State departments and ` 21,819.49 crore (22.66 per cent) remained unutilised during the year 2020-21 which was surrendered in the month of March.

**Table 3.6: Original Budget, Revised Estimate and Actual Expenditure during 2016-21**

(` in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	63,502.68	75,673.42	80,200.00	85,429.00	86,370.00
Supplementary Budget	9,463.03	6,487.86	5,953.81	9,335.64	9,908.07
Revised Estimate	72,965.71	82,161.28	86,153.82	94,764.64	96,278.07
Actual Expenditure	59,432.80	67,815.12	65,930.08	71,093.25	74,458.59
Saving	13,532.91	14,346.16	20,223.74	23,671.39	21,819.49
Percentage of Saving	18.55	17.46	23.47	24.98	22.66

As evident from **Table 3.6** every year a huge amount of provision was not utilised and surrenders of savings made by the departmental officers of the state without giving any reason for the same. Every year these savings were much more than the supplementary provisions of the state which was indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal control. More, detailed analysis could be noticed in other paragraphs of this Chapter.

### 3.3.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report to legislature large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend even the original budget provision which leads to large savings. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the

intended benefit of the unfinished schemes could not be extended to the public at a large in such cases. Further, this leads to escalation of project cost. Details are given in **Table 3.7**.

**Table 3.7: Unnecessary/excessive supplementary provisions despite savings**

(₹ in crore)

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Expenditure	Unutilised funds
<b>Capital (Voted)</b>						
1	26-Labour, Employment and Training Department	97.72	37.43	135.15	56.67	78.48
2	41-Road Construction Department	3,384.00	40.31	3,424.31	3,081.21	343.10
3	42-Rural Development Department (Rural Development Division)	487.04	7.13	494.17	465.62	28.55
4	46-Tourism, Art Culture, Sports and Youth Affairs Department (Tourism Division)	80.00	10.00	90.00	43.62	46.38
5	49-Water resources Department	902	351.63	1,253.63	952.97	300.66
6	50-Water Resources Department (Minor-Irrigation Division)	110.65	20.00	130.65	93.34	37.31
7	60-Women, Child Development and Social Security Department	43.00	3.35	46.35	5.29	41.06
<b>Total</b>		<b>5,104.41</b>	<b>469.85</b>	<b>5,574.26</b>	<b>4,698.72</b>	<b>875.54</b>

### 3.3.2.1 Non-utilisation of funds allocated to some major schemes

Review of the Appropriation Accounts of the State revealed that there were persistent large savings out of fund allocated for many schemes which was intended to provide benefits to public at a large. Persistent large savings in last three years in those schemes resulted in non-completion of those schemes and the intended benefit of the unfinished schemes could not be extended to the beneficiaries. Some of those schemes are shown in **Table 3.8**.

**Table 3.8: Year-wise savings under some major schemes**

(₹ in crore)

Sl. No.	Name of Scheme/Head	2018-19		2019-20		2020-21	
		Budget	Savings	Budget	Savings	Budget	Savings
<b>36-Drinking Water and Sanitation Department</b>							
1	4215-01-102-02-Rural Piped Water Supply Scheme	159.20	25.54	322.55	141.02	207.57	66.52
<b>42- Rural Development Department (Rural Development Division)</b>							
2	2501-06-101-05-Swarna Jayanti Gram Swarojgar Yojana Scheme for General (CASC)	177.25	114.83	205.21	86.26	300.00	107.71
3	2501-06-796-05-Swarna Jayanti Gram Swarojgar Yojana Scheme for General (CASC)	129.60	102.55	150.77	100.81	126.00	25.20
<b>51-Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare Department (Scheduled Tribe, Scheduled Caste and Backward Class Welfare Division)</b>							
4	2225-01-789-59-Post -entrance Scholarships	53.00	43.23	27.00	4.86	27.00	5.05
5	2225-01-789-61-Primary School Scholarships	28.00	22.55	12.27	7.97	8.00	5.22

As can be seen from the above table there were savings ranging between 16 and 81 *per cent* in the schemes shown in the table during last three years which raises the issue of effectiveness of budgetary procedure of the State.

### **3.3.3 Major policy pronouncements in budget and their actual funding for ensuring implementation**

Several policy initiatives taken up by Government were not executed which deprived the beneficiaries of intended benefits. However, reasons for non-utilisation of the provisions were not given by the departments. Savings in such schemes deprives other Departments of the funds which they could have utilised. In 293 cases, 100 *per cent* of the provision ( ` one crore and above in each case) amounting to ` 4,262.08 crore was surrendered, resulting in non-implementation of schemes/programmes as detailed in **Appendix 3.8**.

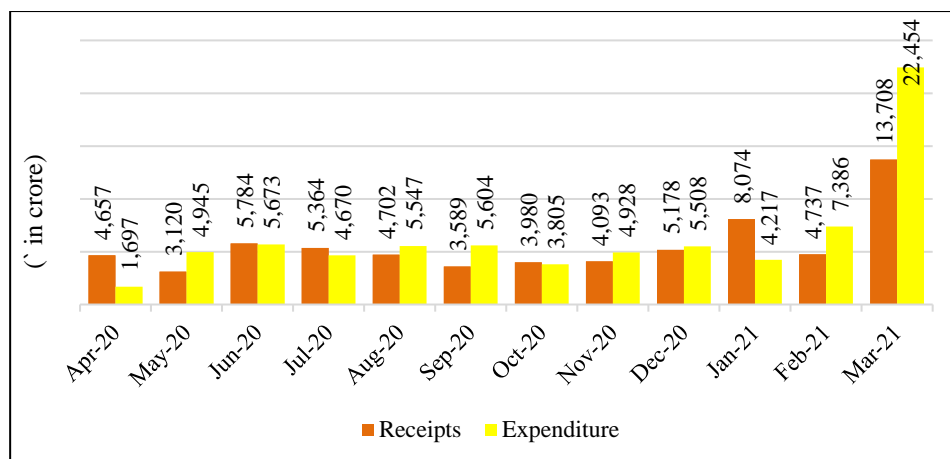
### **3.4 Rush of expenditure**

Rule 113 of the Bihar Budget Manual (as adopted by Jharkhand) stipulates that rush of expenditure in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity. Uniform flow of expenditure is essential to ensure that the primary requirement of budgetary control is maintained. Moreover, maintaining a steady pace of expenditure is a crucial component of sound public financial management. Steady pace of expenditure obviates fiscal imbalance and temporary cash crunches arising due to unanticipated heavy expenditure in a particular month.

Further, it was observed that ` 286.74 crore was drawn on AC bills in March 2021 of which ` 44.20 crore was drawn on the last day of the Financial year mainly by Agriculture, Animal Husbandry & Co-operative Department and Home, Jail & Disaster Management Department.

During the year 2020-21, ` 22,454 crore comprising 30.40 *per cent* of total expenditure ( ` 73,854 crore) was expended in March 2021. High percentage of expenditure in March indicates that uniform flow of expenditure, a primary requirement of budgetary control, was not maintained. Rush of expenditure in the closing month of the financial year is against the provision of the Budget Manual and entails risk of misuse of public money and unhealthy practices.

**Chart 3.4: Monthly receipts and expenditure of the State during 2020-21**



Further, it was observed that under 33 major heads, 60 per cent and above expenditure amounting to ` 11,993.28 crore (77.72 per cent) was incurred in the last quarter of the year against the total expenditure of ` 15,430.57 crore under these heads as detailed in **Appendix 3.9**. Of this, an expenditure of ` 8,268.10 crore (53.58 per cent of the total expenditure under these heads) was incurred in the month of March 2021.

### 3.5 Audit of Budgetary provision of Grant No. 03- Building Construction Department

#### 3.5.1 Introduction

The Vision of Building Construction Department (BCD) is to build and maintain the Government Offices and Residential Quarters in State. Planning, Designing Building Network and to provide optimised connectivity to residential and non-residential Government Buildings of different departments are the main objectives of the department. This department also completes Renovation, Upgradation and Maintenance of residential and non-residential Buildings of state.

To complete the above responsibilities the State Government had provided a budget of ` 691.60 crore during 2020-21 to this department. Details of budget and its utilisation are given in **Table 3.9**.

**Table 3.9: Details of budget provision, expenditure and savings during 2020-21**

( in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	566.50	125.10	<b>691.60</b>
Supplementary Grant	0.00	0.00	<b>0.00</b>
<b>Total Grant</b>	<b>566.50</b>	<b>125.10</b>	<b>691.60</b>
Expenditure	175.99	80.69	<b>256.68</b>
Saving	390.51	44.41	<b>434.92</b>
Surrender	390.64	44.41	<b>435.05</b>
Excess Expenditure	0.13	0.00	<b>0.13</b>

Source: Appropriation Accounts 2020-21.

#### 3.5.2 Scope of Audit

Departmental Secretariat of BCD and 13 units<sup>3</sup> in eight<sup>4</sup> districts were selected for audit of the budgetary process.

### Audit findings

#### 3.5.3 Excess expenditure over budget provision

As per Rule 138 of Bihar Budget Manual as adopted by Jharkhand State, excess expenditure should be strictly avoided.

It was observed that expenditure of ` 46.48 crore was incurred by the Department against the budget provision of ` 46.35 crore in three sub-heads as given in **Table 3.10**. Excess expenditure (` 0.13 crore) over budget is indicative of defective control over expenditure. Hence, excess of ` 0.13 crore could have been covered with supplementary provision and/or re-appropriation orders of the competent authority.

**Table 3.10: Details of excess expenditure against budget provision.**

(` in lakh)

Sl. No.	Heads	Total budget provision	Total expenditure	Excess expenditure
1	2059-80-053-07	16.64	16.89	0.25
2	4059-01-796-39	356.72	362.61	5.89
3	4059-01-796-58	4,261.15	4,268.29	7.14
<b>Total</b>		<b>4,634.51</b>	<b>4,647.79</b>	<b>13.28</b>

#### 3.5.4 Persistent Savings

Review of documents of department in respect of budget and expenditure to analyse the trend during the last four year (2017-21) revealed that the department not only had a persistent savings but also the percentage of savings was very high in comparison to the budget estimates during the period. Details are given in **Table 3.11**.

**Table 3.11: Trend of savings during last four years in Building Construction Department**

(` in crore)

Years	Heads	Original	Supplementary	Total	Expenditure	Saving	Percentage of saving
2017-18	Revenue	143.56	4.33	147.89	100.77	47.12	20
	Capital	493.00	159.49	652.49	536.27	116.22	
	<b>Total</b>	<b>636.56</b>	<b>163.82</b>	<b>800.38</b>	<b>637.04</b>	<b>163.34</b>	
2018-19	Revenue	133.66	0.35	134.01	92.67	41.34	27
	Capital	511.17	37.00	548.17	403.65	144.52	
	<b>Total</b>	<b>644.83</b>	<b>37.35</b>	<b>682.18</b>	<b>496.32</b>	<b>185.86</b>	
2019-20	Revenue	119.59	0.11	119.70	91.04	28.66	31
	Capital	587.17	90.00	677.17	458.51	218.66	
	<b>Total</b>	<b>706.76</b>	<b>90.11</b>	<b>796.87</b>	<b>549.55</b>	<b>247.32</b>	
2020-21	Revenue	125.10	0.00	125.10	80.69	44.41	63
	Capital	566.50	0.00	566.50	175.99	390.51	
	<b>Total</b>	<b>691.60</b>	<b>0.00</b>	<b>691.60</b>	<b>256.68</b>	<b>434.92</b>	

Source: Appropriation Accounts 2017-21.

<sup>3</sup> (i) Under Secretary, BCD, Ranchi; Executive Engineer, BCD (ii) Bokaro (iii) Dhanbad (iv) Gumla (v) Hazaribagh (vi) Jamshedpur (vii) Ramgarh (viii) Saraikela (ix) Ranchi Division No.1 (x) Ranchi Division No. 2 (xi) Special Works Division, Ranchi (xii) Executive Engineer, Drinking Water & Sanitation Division, Gonda, Ranchi (xiii) Executive Engineer, Drinking Water & Sanitation Division, Ranchi East

<sup>4</sup> (i) Bokaro (ii) Dhanbad (iii) Gumla (iv) Hazaribagh (v) Jamshedpur (vi) Ramgarh (vii) Ranchi (viii) Saraikela

As shown in the above table the savings of the department increased significantly from 20 *per cent* in 2017-18 to 63 *per cent* in 2020-21. This was not only indicative of the inability of the department to utilise the fund but also resulted in non-completion of state schemes included in the budget during the year despite availability of funds.

### 3.5.5 Delay in submission of Budget Estimates

Rule 62 of Bihar Budget Manual as adopted by Government of Jharkhand (GoJ) provide the budget calendar for correct and timely preparation of budget for the state. Finance Department, GoJ revised (October 2019) the prescribed dates of submission of Estimate of Establishment Expenditure and General Budget after approval of the Minister concerned to 28<sup>th</sup> November 2019 and 12<sup>th</sup> December 2019 respectively against the stipulated date of 1<sup>st</sup> October in the Budget Manual.

It was noticed that the Department submitted Budget Estimates (BEs) for Establishment Expenditure and General Budget to the Finance Department on 4 February 2020 with a delay of 68 days and 54 days respectively against the target date prescribed by the Finance Department.

### 3.5.6 Budget Estimate prepared without obtaining requirements

According to Rule 65 of Budget Manual (BM), the Controlling Officer (CO) should examine the budgets received from the Disbursing Officers (DO) to see that they are correct, that all details and explanations have been given, and that explanations are adequate.

It was noticed that the provisions of BM were not followed and the budget estimates for General Budget (State, Central and Centrally Sponsored Schemes) and Establishment Expenditure were prepared at Department level without obtaining/assessing the actual requirements from the DOs who are finally responsible to execute the work and utilise the fund.

However, it was noticed that out of 10 test-checked divisions, one division (BCD, Dhanbad) submitted general budget estimate and five<sup>5</sup> divisions submitted estimates for establishment expenditure. Rest of the test-checked divisions didn't submit any estimate based on their requirements. Thus, preparation of budget without obtaining requirement from DOs might be one of the reasons for a huge saving of ` 434.92 crore (62.89 *per cent*) against the total provision of ` 691.60 crore during the year 2020-21.

### 3.5.7 Non-utilisation and surrender of entire budget provision

As per comments below Rule 57 of BM, the officer responsible for preparing estimate should be sure that there is no provision for a greater sum than that which can be spent.

- Scrutiny of records of department revealed that ` 1.57 crore was provided under four sub-heads during the year 2020-21, of which no amount was utilised by the Department and entire amount was surrendered. Details are given in **Table 3.12**.

**Table 3.12: Non-utilisation and surrender of entire budget provision**

<sup>5</sup> Dhanbad, Hazaribagh, Ramgarh, Ranchi Division no. 1 and Ranchi Division no.2

(` in crore)

S. N.	Head	Allotment	Expenditure	Surrender	Surrender (in per cent)	Purpose of allotment
1	2059- Public Works (State Scheme)	0.30	0.00	0.30	100	Municipal Corporation and Municipality Tax
2	2059- Public Works (State Scheme)	0.17	0.00	0.17	100	Furnishing of residences of Legislators and State Ministers etc.
3	4059-Capital Outlay on Public Works (State Scheme, CAS)	0.10	0.00	0.10	100	Training/ Design/ Quality Control Laboratory/ Consultancy Services
4	4216-Capital Outlay on Housing (State Scheme)	1.00	0.00	1.00	100	Public Works-Minor Works of Building in State
<b>Total</b>		<b>1.57</b>	<b>0.00</b>	<b>1.57</b>		

Besides items shown in the above table, entire budget of ` 0.08 crore and ` 0.03 crore provided under travelling allowance (TA) and Machinery respectively under Major Head 2059 (Establishment) were also surrendered by the department.

- Further, scrutiny of records revealed that in four out of six test-checked divisions entire amount of ` 8.17 crore, provided for various works, were not utilised and finally surrendered by the DOs. Details are given in **Table 3.13**.

**Table 3.13: Non-utilisation and surrender of entire budget provision**

(` in crore)

Sl. No.	Secretariat/Offices	No. of works/sub-heads	Allotment	Surrendered
1	The EE, BCD, Gumla	03	0.01	0.01
2	The EE, BCD, Division No.-01, Ranchi	66	6.08	6.08
3	The EE, BCD, Division No.-02, Ranchi	07	1.04	1.04
4	The EE, BCD, Saraikela	03	1.00	1.00
5	The EE, BCD, Jamshedpur	02	0.02	0.02
6	The EE, BCD, Ramgarh	04	0.02	0.02
<b>Total</b>		<b>85</b>	<b>8.17</b>	<b>8.17</b>

Non-utilisation of budget provision, based on estimates provided by the department to the Finance Department, indicates that due care was not taken during the preparation of estimates and actual requirements were not properly assessed.

### 3.5.8 Surrender of fund on the last month of the financial year

As per Rule 112 of Budget manual, all anticipated savings should be surrendered to Government immediately as soon as they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses. Further, as per Rule 135, when the need for surrender manifests itself, the controlling officer should carefully estimate the amount that he can surrender.

Audit observed that against the provision of ` 691.60 crore, ` 435.05 crore (` 390.64 crore under capital head and ` 44.41 crore under revenue head), was surrendered at the end of the financial year by the Finance Department.

Further, scrutiny of records of nine out of 10 test-checked divisions and one DDO at headquarters revealed that surrenders of ` 8.32 crore (83 per cent of



total provisions) was made in the month of March 2021. Details are given in **Appendix 3.10**.

In reply to late surrender it was stated that due to late allocation of fund and in anticipation of expenditure till the end of financial year it was not surrendered earlier. Surrender in the last month of the financial year leaves no scope to the Government for utilisation of fund on other important schemes.

### 3.5.9 Rush of expenditure

As per provision (Rule 113 of Budget Manual), rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity. Hence, rush of expenditure particularly in the closing month should be avoided.

It was observed that out of total expenditure of ` 256.68 crore, expenditure of ` 83.51 crore (33 *per cent*) was incurred in the month of March 2021. During the current year, in six out of 27 sub-heads expenditure in the month of March ranged between 40 and 100 *per cent* of total expenditure. Further, during audit of 10 test-checked divisions and one DDO (at Headquarter level) it was observed that 42 to 100 *per cent* of its expenditure incurred under various heads in the month of March as detailed in **Appendix 3.11**.

### 3.5.10 Non-reconciliation of departmental expenditure figures

Rule 134 of Budget Manual requires that Controlling Officer should arrange to reconcile departmental accounts with the books of Principal Accountant General (A&E) on monthly basis to avoid chances of misclassification of expenditure and receipts.

It was observed that during the year 2020-21, out of total expenditure of ` 256.68 crore an expenditure amounting to ` 15.10 crore was not reconciled by the controlling officer of the department with the books of the Principal Accountant General (A&E) as detailed in **Table 3.14**.

**Table 3.14: Details of Non-reconciliation of departmental expenditure**

(` in crore)

Sl. No.	Major Heads	Total Expenditure (As per appropriation)	Reconciled amount	Un-reconciled amount
1	2052	1.68	0.00	1.68
2	2059	68.68	56.47	12.21
3	2216	10.33	10.16	0.17
4	4059	133.95	133.10	0.85
5	4216	42.04	41.85	0.19
<b>Total</b>		<b>256.68</b>	<b>241.58</b>	<b>15.10</b>

Further, in 10 test-checked divisions and one DDO total expenditure of ` 63 crore was not reconciled during the year 2020-21, as detailed in **Appendix 3.12**.

### 3.5.11 Excess Expenditure against Administrative Approval

As per Government Instruction (mentioned in allotment letters) it should be ensured that no excess expenditure against Administrative Approval (AA) amount has been incurred in any scheme without prior permission.

Scrutiny of agreement, M.B., vouchers etc. for construction of collectorate building with facilities at Hazaribagh revealed that the AA worth ` 40.09 crore was accorded by BCD, GoJ. After processing the tender, comparative statement was prepared and work was allotted at a cost of ` 30.23 crore. Agreement was completed at ` 30.23 crore in December 2016. However, it was noticed that the value of work after completion was assessed as ` 45.69 crore and the same was paid to the contractor.

Hence, the cost of work exceeded by ` 5.60 crore (14 *per cent*) against the AA for which no sanction of competent authority was obtained by the Disbursing Officer. Payment of 14 *per cent* excess amount without sanction of competent authority was against the instructions given in the allotment letter.

### 3.5.12 Irregular payment for extra/additional items

As per para 182 (b) of JPWD Code the item of work not included in BOQ shall be treated as extra item. For extra item, there should always be a supplementary agreement and rates of such item shall be on the basis of rate entered in the concerned 'schedule of rate' prevalent during the period when the work was carried out/is being carried on, provided always, that if, the rate for a particular item is not in the schedule of rates. Further as per paragraph 177 (Note 1) of JPWD Code the supplementary agreement may be entered into only after approval by the competent authority, having competence to decide the original tender.

Scrutiny revealed that contractor was paid ` 12.28 crore without executing supplementary agreement in two works of two divisions which was against the codal provisions. Details are given in **Table 3.15**.

**Table 3.15: Details of irregular payment for extra/additional items**

(` in crore)

Sl. No.	Name of work	Agreement value	Total work value	Amount paid for extra/additional items
1	Construction of Sub-Divisional Court (10 court) with facilities at Chandil, Saraikela	15.41	20.38	3.72
2	Construction of Collectorate Building with facilities at Hazaribagh	30.23	45.69	8.56

### 3.5.13 Un-fruitful expenditure

As per guidelines dated 16.05.2018, Ministry of Law and justice (Department of Justice) implements the Centrally Sponsored Scheme (CSS) for developing infrastructure facilities for Judiciary from 1993-94 onwards to facilitate better justice delivery. The department also takes steps to augment the resources of the State Government in this regard. The scheme

covers construction of Court Buildings and Residential Accommodations of Judicial Officers/Judges covering District and Subordinate Courts.

Scrutiny of records of Boakro, Saraikela and Special Division (Ranchi) revealed that in these divisions, construction of two, three and one buildings respectively were completed for Development of Infrastructure Facilities for Judiciary and rehabilitation of persons displaced from HEC.

All the six buildings were completed during 2007 to 2020 with an expenditure of ` 221.76 crore but as of November 2021 the buildings were not handed over to the concerned authorities. Details of those buildings are given in **Table 3.16**.

**Table 3.16: Details of constructed buildings not handed over**

(₹ in crore)

Sl. No.	Name of work	AA Amount	Agreement value	Total Expenditure	Date of completion	Remarks
1	Construction of Principal District & Session Judge Residence at Bokaro	0.27	0.27	0.27	22.09.2007	Not handed over as of 30 Nov. 2021.
	Allied works related to above buildings	1.27	1.19	1.22	02/2017 to 03/2021	
2	Construction of D- Type Qtr for Judicial Officer at Bokaro	4.63	4.17	4.17	18.03.2020	Not handed over of 30 Nov. 2021.
3	Construction of B-Type quarter 8 blocks, A type quarter 3 blocks & D-Type quarter 2 blocks at SDO campus, Saraikela	19.11	14.83	16.42	13.06.2018	(i) ` 1.59 crore excess expenditure against agreement value (ii) Not handed over as of 30 Nov. 2021.
4	Construction of SDO court (10 court) at Chandil, Saraikela	20.12	15.41	20.38	13.06.2018	(i) ` 4.97 crore was excess expenditure against Agreement value (ii) Not handed over as of 30 Nov. 2021.
5	Construction of D-Type quarter 1 block 6 units at Chandil, Saraikela	1.67	1.54	1.54	11.01.2018	Not handed over as of 30 Nov. 2021.
6	Construction work of proposed 400 nos. quarters and infrastructure work at SITE 1 HEC Area, Ranchi	216.63	182.43	177.76	08.07.2019	i) For rehabilitation and resettlement package for HEC displaced persons ii) Not handed over as of 30 Nov. 2021.
<b>Total</b>		<b>263.70</b>	<b>219.84</b>	<b>221.76</b>		

It was noticed that SDO court (10 court) building at Chandil, Saraikela was not handed over to the concerned authority due to unavailability of Sub-divisional Jail at Chandil, whereas, ` 1.17 crore and ` 0.39 crore respectively were also spent on furniture and video conferencing on that non-functional SDO Court (10 court) building. Similarly, D-Type Quarter at Bokaro was not handed over due to non-completion of interior works in the building.

Non utilization of buildings even after passing of such a long time resulted in un-fruitful expenditure of ` 221.76 crore. Moreover, due to non-utilisation for such a long time, damages due to wear and tear in those buildings could not be ruled out.

### 3.5.14 Other findings

- Works executed without preparing required priority list**

As per Government instruction in allotment letter, the work under heads 2059 and 2216 (Vivekadheen) should be done only after approved priority list of works from the competent level authorities. Further, at the time of demand of fund for Repairing & Maintenance/Renovation of buildings, the Executive Engineer (EE) was required to provide a certificate that the works of similar nature have not been done in the last three years in that building.

Test check of records of the divisions revealed that neither priority list was prepared nor required certificate was given by the EE before executing the work and making payment of ` 4.49 crore to the contractors as per detail given in **Table 3.17**.

**Table 3.17: works not executed as per Government instruction**

(` in crore)

Sl. No.	Name of Divisions	Expenditure under heads		
		2059	2216	Total
1	The EE, BCD, Bokaro	0.19	0.19	0.38
2	The EE, BCD, Dhanbad	0.20	0.20	0.40
3	The EE, BCD, Gumla	0.20	0.20	0.40
4	The EE, BCD, Hazaribagh	0.30	0.42	0.72
5	The EE, BCD, Jamshedpur	0.20	0.19	0.39
6	The EE, BCD, Saraikela	0.20	0.20	0.40
7	The EE, BCD, Division No.-1, Ranchi	0.35	0.35	0.70
8	The EE, BCD, Division No.-2, Ranchi	0.35	0.35	0.70
9	The EE, BCD, Ramgarh	0.20	0.20	0.40
<b>Total</b>		<b>2.19</b>	<b>2.30</b>	<b>4.49</b>

- **Payment without obtaining certificates from the competent authority**

As per Government instruction in allotment letter, the work of new construction, repairing and maintenance of Government Residential Buildings under heads 4216 was not to be executed in any circumstance without obtaining requisition from concerned authority. Further, at the time of demand for the fund for Repair, & Maintenance/Renovation of buildings the EE was required to provide a certificate to the effect that the work of similar nature was not done in the last three years in that building. As per instruction the payment was to be made to the contractor only after obtaining satisfaction certificates from the concerned Head of Office.

A test-check of records of office of the EE, Drinking Water & Sanitation Department (DW&SD), Gonda, Ranchi revealed that four works under head 4216 amounting to ` 0.15 crore were executed without obtaining requisition from competent authority as well as no certificate as required in allotment letter was furnished by the EE. Satisfactory certificates, as required, were also not acquired by the divisions before making payments to the contractors.

- **Demand of fund without entry in Works and Accounts Management Information System (WAMIS)**

As per Government's instruction before demanding fund the Executive Agency will make entry of details in MIS related to new Construction, Maintenance and Repairing works *etc.* and the Department was supposed to release the fund after its verification only.

During test-check of 12 divisions it was revealed that in four divisions demand of ` 33.91 crore was raised without making entry in MIS and ` 28.91 crore the said amount was released by the Department without any query/verification. Out of that released fund, ` 24.57 crore was spent during the year and the balance amount was surrendered. Details are given in **Table 3.18**.

**Table 3.18: Demand of fund without entry in WAMIS**

(` in crore)

Sl. No.	Name of Divisions	No. of works/sub-schemes	Demand amount	Allotment	Expenditure	Balance
1	EE, BCD, Division No.-01	04	1.12	1.12	0.28	0.84
2	EE, BCD, Special Division Ranchi	03	12.09	7.09	3.71	3.38
3	EE, DW&SD, Gonda, Ranchi	142	8.15	8.15	8.11	0.04
4	EE, DW&SD, Ranchi East	149	12.55	12.55	12.47	0.08
<b>Total</b>		<b>298</b>	<b>33.91</b>	<b>28.91</b>	<b>24.57</b>	<b>4.34</b>

Further, it was noticed that during construction of SDO court (10 court) with facilities at Chandil, Saraikela an expenditure of ` 19.62 crore was shown in WAMIS whereas, in Measurement Book (MB) it was shown as ` 20.38 crore leading a difference of ` 0.76 crore. Difference amount of ` 0.76 crore was also paid to contractor on the basis of MB. Hence, due to discrepancy in entries of measurement in WAMIS and MB, irregularity in payment could not be ruled out.

• **Required State Level Sanctioning Committee (SLSC) for Flexi-Funds within Centrally Sponsored Schemes (CSS) not formed**

As per Office Memorandum no. F. No. 55(5)/PF-II/2011, dated 06.09.2016 of Ministry of Finance, Department of Expenditure guidelines of Flexi-fund component within the CSS was provided to States for some specific activities<sup>6</sup>. States wanting to avail such flexi-fund facility was required to constitute a State Level Sanctioning Committee to sanction projects or activities under the flexi-fund component.

During scrutiny, it was noticed that SLSC for flexi-fund was not constituted as of October 2021. However, some CSS works were executed and ` 13.38 crore was spent (Central ` 7.95 crore and State ` 5.43 crore) against allotment of ` 15.11 crore (central ` 9.05 crore and State ` 6.06 crore) during the year 2020-21. Details are given in **Table 3.19**.

**Table 3.19: Detail of works executed under CSS**

(` in crore)

Heads	Purpose	Release Amount			Expenditure		
		State Share	Central Share	Total	State Share	Central Share	Total
4059 (TSP)	Construction of High Court Building (Residence and Non residence)	4.02	9.05	15.11	3.63 (90%)	7.95 (88%)	13.38
4059 (OSP)	Construction of Sub Ordinate Judicial Building (Residence and Non residence)	2.04			1.80 (88%)		
<b>Total</b>		<b>6.06</b>	<b>9.05</b>	<b>15.11</b>	<b>5.43</b>	<b>7.95</b>	<b>13.38</b>

<sup>6</sup> (i) to meet local needs and requirements within the overall objective of any given scheme (ii) to pilot innovation to improve efficiency (iii) to undertake mitigation/restoration activities in case of natural calamities and (iv) to satisfy local requirements in areas affected by internal security disturbances.

- **Less receipt of Central Assistance ` 0.61 crore**

As per Department of Justice, Ministry of law & Justice, GoI Utilisation Certificates was required to be furnished for the funds released till 2018-19 for release of financial assistance to the State for the year 2020-21. Further, as disclosed from the document of the Department ` 9.59 crore of Central Share was released for the year 2018-19, of which, only ` 8.98 crore was utilised during 2018-19 and balance ` 0.61 crore lapsed at the end of the financial year due to some technical problem in treasury. This resulted in less receipt of ` 0.61 crore as central share during 2020-21.

- **Irregular payment of water charges - ` 1.10 crore**

As per letter no. TA/Rev/38/2016 (part-II)/2021/18 dated 13.01.2021 of Heavy Engineering Corporation (HEC) Limited, Ranchi arrear payment of ` 1.96 crore (license fee- ` 0.76 crore, water charges- ` 1.10 crore and GST on license fee- ` 0.10 crore) was demanded on Residential/ Non-residential buildings transferred by HEC to GoJ for the year 2020-21 which was allotted to BCD, Ranchi Division -02 and paid to HEC in February 2021.

Scrutiny revealed that neither rate/order of department nor agreement between HEC and the Department for payment of water charges was available with the department. Payments were made for water charges on the basis of demands of HEC. Hence, excess payment in this regard could not be ruled out and it is against the financial prudence required before any payment.

- **Non-deduction of GST at Source- ` 1.52 lakh**

As per section 51 of GST Act, the deductor should deduct tax at the rate of two per cent (one per cent for CGST and one per cent for SGST) from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ` 2.50 lakh.

Scrutiny revealed that the payment of ` 75.85 lakh was made to HEC for licences fee without deducting GST amount of ` 1.52 lakh (` 0.76 lakh each for CGST and SGST).

- **Non maintenance of Cash Book**

As per Note below rule 19 of JTC a complete record of transactions relating to the Treasury will be kept in the accountant's cash book either in a manual register or on the computer system. Further, as per Finance Division, Planning Cum Finance Department, Government of Jharkhand letter no. Finance-20/Misc.-09/2016/2918, dated 06.11.2019, Cash Book should be maintained and updated in every Government Office. The balance of Cash Book should be certified by authorised officer every month.

Scrutiny of records of the office of the EE, BCD, Gumla revealed that the cash book for establishment expenditure were not maintained/written since April 2019 to October 2021 i.e for more than two years. Further, expenditure of ` 0.98 crore during 2019-20 and ` 0.99 crore during 2020-21 (total ` 1.97 crore) were not entered in the Cash Book.



Non-entry of receipts and disbursements in the Cash Book for such a long time is a serious irregularity and chances of misutilisation of government money could not be ruled out.

- **Double Administrative Approval against same work**

Scrutiny of records pertaining to office of the EE, BCD, Jamshedpur revealed that an Administrative Approval (AA) amounting to Rs 0.12 crore for five works was given by the department vide letter no. 186 (Bh.) dated 16.12.2020. It was further noticed that another AA of ` 0.12 crore for the same five works was given by department vide letter no. 429 (Bh.) dated 31.03.2021. Details are given in **Table 3.20**.

**Table 3.20: Details of double administrative approval**

Sl. No.	Name of works	1 <sup>st</sup> AA no./Date	Amount (in `)	2 <sup>nd</sup> AA no./date	Amount (in `)
1	E/R to quarter No. B/2, 'D' type, civil court campus, Sakchi, Jamshedpur	186 (Bh) dated 16.12.2020	2,48,100	429 (Bh) dated 31.03.2021	2,48,100
2	E/R to quarter No. B/1, 'D' type, civil court campus, Sakchi, Jamshedpur		2,48,300		2,48,300
3	E/R to quarter No. E/6, 'D' type, civil court campus, Sakchi, Jamshedpur		2,47,600		2,47,600
4	E/R to quarter No. E/4, 'D' type, civil court campus, Sakchi, Jamshedpur		2,48,800		2,48,800
5	E/R to quarter No. D/2, 'D' type, civil court campus, Sakchi, Jamshedpur		2,47,700		2,47,700
<b>Total</b>			<b>12,40,500</b>		<b>12,40,500</b>

- **Double allotment under Renovation and Construction works**

Scrutiny revealed that two allotments {834 (Bh) dated 20.03.2020 and 88/20-87(Bh) dated 14.10.2020} of ` 24.08 lakh and ` 24.09 lakh were given to the EE, BCD, Dhanbad against single sanction of ` 24.09 lakh vide order no. 244 (Bh) dated 03.10.2019 for renovation of PDJ Residential Quarter at Dhanbad. However, First allotment was utilised by the EE and Second allotment was surrendered (on 15.01.2021) after three months from date of allotment.

Above two cases indicates the casual approach of the departmental authorities during issue of AA, Sanction orders and Allotment orders which was a serious negligence and could have resulted in financial irregularities.

### **3.6 Budgetary Process for Grant No. 46 – Tourism, Art, Culture, Sports and Youth Affairs Department (Tourism Division)**

#### **3.6.1 Introduction**

The State of Jharkhand is endowed with immense bio-diversity, moderate climate, rich cultural and historical heritage, religious places of worship and ethnic aspects to make the State the ultimate destination for tourists. Development of tourism sector would not only generate immense employment opportunities directly or indirectly but also would contribute in accelerating economic development. Tourism Division of the department is responsible for making the people of the State, Nation and the World aware of the rich endowments of nature, its cultural heritage, spiritual

places and other traditions which are essential elements for boosting tourism industry in the State.

To meet the above responsibilities, the state government provided a budget of ` 194.49 crore to the Department during 2020-21. Details of budget provision and its utilisation are given in the **Table 3.21**.

**Table 3.21: Details of budget provision, expenditure and savings during 2020-21**

(` in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	80.00	104.49	184.49
Supplementary Grant	10.00	0.00	10.00
<b>Total Grant</b>	<b>90.00</b>	<b>104.49</b>	<b>194.49</b>
Expenditure	43.62	56.80	100.42
Savings	46.38	47.69	94.07
Surrender	46.38	47.69	94.07

Source: Appropriation Accounts 2020-21.

### 3.6.2 Scope of Audit

Departmental Secretariat of Tourism, Art, Culture, Sports and Youth Affairs Department (Tourism Division) and nine<sup>7</sup> units in eight<sup>8</sup> districts were selected for audit of the budgetary process.

#### Audit Findings

### 3.6.3 Persistent Savings

During scrutiny of the Department's budget and expenditure of last four years (2017-21) it was noticed that the Department had persistent savings during this period and the percentage of savings in comparison to the budget estimates remained significantly high as detailed in **Table 3.22**.

**Table 3.22: Trend of savings during last four years**

(` in crore)

Years	Head	Original	Suppl.	Total	Expenditure	Savings	Savings (in per cent)
2017-18	Revenue	51.78	0.42	52.2	46.84	5.36	10.27
	Capital	71.00	0	71.00	71.00	0.00	0.00
<b>Total</b>		<b>122.78</b>	<b>0.42</b>	<b>123.2</b>	<b>117.84</b>	<b>5.36</b>	<b>4.35</b>
2018-19	Revenue	53.46	0.73	54.19	49.35	4.84	8.93
	Capital	110.60	0.00	110.60	99.37	11.23	10.15
<b>Total</b>		<b>164.06</b>	<b>0.73</b>	<b>164.79</b>	<b>148.72</b>	<b>16.07</b>	<b>9.75</b>
2019-20	Revenue	91.55	0.17	91.72	72.82	18.9	20.61
	Capital	92.50	0.00	92.50	44.46	48.04	51.94
<b>Total</b>		<b>184.05</b>	<b>0.17</b>	<b>184.22</b>	<b>117.28</b>	<b>66.94</b>	<b>36.34</b>
2020-21	Revenue	104.49	0.00	104.49	56.80	47.69	45.64
	Capital	80.00	10.00	90.00	43.61	46.39	51.53
<b>Total</b>		<b>184.49</b>	<b>10.00</b>	<b>194.49</b>	<b>100.41</b>	<b>94.08</b>	<b>48.37</b>

Source: Appropriation Accounts 2020-21

<sup>7</sup> i. Directorate of Tourism, Ranchi, ii. JSBCCL, Ranchi, iii. DC, Gumla, iv. DC, Khunti, v. DC Ramgarh, vi. DC, Lohardaga, vii. DC, Jamshedpur, viii. DC, Hazaribagh and ix. DC, Bokaro

<sup>8</sup> i. Ranchi, ii. Gumla, iii. Khunti, iv. Ramgarh, v. Lohardaga, vi. East Singhbhum vii. DC, Hazaribagh and viii. DC, Bokaro

As shown in **Table 3.22**, the Department had persistent savings ranging between 36 *per cent* and 48 *per cent* during the last two years. In reply to audit observation, the departmental authorities stated that the savings were due to provisions without actual requirement on the ground. However, the reply of the authorities was not correct because the department failed to make expenditure even upto the level it was in earlier years.

#### **3.6.4 Delay in submission of Budget Estimates**

Rule 62 of Bihar Budget Manual (as adopted by Jharkhand) provides the calendar for correct and timely preparation of the budget of the State. We observed that the Finance Department, Government of Jharkhand revised (October 2019) the prescribed dates for uploading/ submission of general budget and preparation of Comprehensive Outlay of Budgetary Transaction (COBT), after approval of the Minister concerned, to 28 November (for establishment) and 12 December (for schemes) against stipulated date of 1 October in the budget Manual.

Scrutiny of records revealed that against the target date of 12 December 2019 the Tourism Division submitted Budget Estimates (BEs) for schemes to the Finance Department on 30<sup>th</sup> January i.e., with a delay of 49 days. As per instructions issued by the Finance department, the estimates were to be approved by the concerned minister before its submission which was not accorded.

Moreover, non-compliance of budget calendar not only affects the schedule of preparation of budget estimated but also curtails the time required for its scrutiny at different level.

#### **3.6.5 Estimates prepared without assessing the actual requirements**

According to Rule 65 of Bihar Budget Manual (as adopted by Jharkhand) (BM), the Controlling Officer (CO) should examine the budgets received from the DOs to see that they are correct, that all details/explanations have been given and the explanations given are adequate.

It was noticed that provisions of BM were not followed and the budget estimates for General Budget (State, Central and Centrally Sponsored Schemes) were prepared at department level without assessing the actual requirements.

Since the department did not prepare the required DPRs of schemes, the estimates prepared for those schemes were mere approximations and not based on the actual requirements. Further, the DOs prepared lump sum estimate without assessing the actual requirement and forwarded to department, which led to a savings of ` 94.08 crore (48.37 *per cent*) of the budget provision of ` 194.49 crore.

#### **3.6.6 Non-reconciliation of departmental expenditure**

Rule 134 of Budget Manual requires that Controlling Officer should arrange to reconcile departmental expenditure with the books of the Principal Accountant General (A&E) on a monthly basis to avoid misclassification of expenditure and receipts.

It was observed that during 2020-21, out of total expenditure of ` 100.41 crore, expenditure of ` 99.67 crore was not reconciled by the Controlling Officer with the books of the Principal Accountant General (A&E).

### 3.6.7 Rush of Expenditure

Rule 113 of the Bihar Budget Manual (as adopted by Jharkhand) stipulates that rush of expenditure in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity. Uniform flow of expenditure is essential to ensure that the primary requirement of budgetary control is maintained. Moreover, maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

**Table 3.23: Rush of expenditure**

(` in crore)

Major Heads	Exp. in March	Exp. in last day of the FY	Total exp. during 4th qtr	Total exp. during FY	Percentage of 4th qtr exp. to TE	Percentage of exp. of March to TE	Percentage of exp. of last day of the FY
3452	28.89	6.34	29.63	54.80	54.07	52.72	11.57
5452	42.91	25.85	42.91	43.62	98.37	98.37	59.26
<b>Total</b>	<b>71.80</b>	<b>32.19</b>	<b>72.54</b>	<b>98.42</b>	<b>73.70</b>	<b>72.95</b>	<b>32.71</b>

As shown in the **Table 3.23** expenditure of ` 71.80 crore (72.95 per cent) was incurred in the month of March 2021 only of which ` 32.19 crore (32.71 per cent) was drawn on the last day of the financial year against the total expenditure of ` 98.42 crore.

Further, it was observed that ` 0.75 crore was drawn on AC bills in March 2021.

Rush of expenditure in the closing month and on the last day of the financial year is against the provisions of the Budget Manual and entails risk of misutilisation of public money and unhealthy practices.

### 3.6.8 Non-preparation of Outcome budget

As per instructions (October 2019) of Planning-cum-Finance Department, GoJ, Outcome budget in Proforma-X was to be prepared separately for all the Schemes executed under State schemes and Centrally Assisted State schemes indicating primary targets and other quantifiable information of those schemes.

Scrutiny of records of the Department revealed that the above instructions were not followed and the Outcome budget for the year 2020-21 were not prepared and submitted. Thus, the result of outcome budget of Central and State Schemes and achievement of gender budgeting could not be assessed.

### 3.6.9 Non-utilisation of funds allocated to major schemes

Under the provisions contained in the Budget Manual, Budget estimates were required to be prepared on the basis of actual requirement of fund.

Scrutiny of allotments, expenditure and savings for the year 2018-19 to 2020-21 revealed that ` 248.97 crore remained unutilised out of total allocation of ` 329.70 crore to the major schemes shown in **Table 3.24**.

**Table 3.24: Non-utilisation of fund**

( ` in crore)

Sl. No.	Name of Scheme/Head	2018-19		2019-20		2020-21	
		Budget	Saving	Budget	Saving	Budget	Saving
1	3452- Grant-in-Aid to I.H.M., FCI, JATI for adventure activities etc.	13.20	3.21	13.00	1.74	20.50	11.34
2	3452- Computerisation & modernisation	0.10	0.02	0.50	0.39	0.30	0.30
3	3452- Integrated Development of Various Tourism Circuit	4.80	0.79	68.50	42.99	55.00	55.00
4	5452- Integrated Development of Tourist Schemes, Land Acquisition, Route Facilities, Tourist Information Centers, Adventure Tourism etc.	62.60	10.44	24.00	5.05	25.00	6.38
<b>Total</b>		<b>80.70</b>	<b>14.46</b>	<b>106.00</b>	<b>50.17</b>	<b>100.80</b>	<b>73.02</b>

Due to non-utilisation of fund these major schemes not only remained incomplete but also deprived the beneficiaries of its intended benefits.

### 3.6.10 Blockage of Fund kept in PL/Deposit/Bank Account

As per Rule 174 of Jharkhand Treasury Code, money should not be withdrawn from Treasury unless it is required for immediate payment.

In course of audit it was noticed that every year, a substantial amount was added in the PLAs leading to a sharp increase in the closing balance.

Further, Rule 334 of JTC stipulates that the deposit administrator shall review all Personal Deposit Accounts at the end of each financial year. Money lying unspent after two consecutive financial years should not be spent any further and balance should be transferred as reduction of expenditure to the concerned service head from which the money was withdrawn.

In six test-check districts it was noticed that ` 156.86 crore was provided between 2016-17 and 2020-21 for tourism development work, of which ` 71.75 crore was spent and ` 85.11 crore was kept blocked in PL/Deposit/Bank Account. Details are given in **Appendix 3.13**. In some cases entire amount remained unutilised and fund was parked in the account. It was further noticed that ` 10.13 crore was parked in the accounts for more than three years.

Unspent balances lying in PL/Deposit/Bank Account such a long period not only violates the financial rules but also entails the risk of misuse of public funds. Moreover, due to non-utilisation of fund the schemes remained incomplete and the beneficiaries were deprived of its intended benefits.

### 3.6.11 Non-completion of Work

In six test-checked districts, 22 schemes are still incomplete in spite of expenditure of ` 29.01 crore and in a few schemes work has still not started. Details are given in **Annexure 3.14**.

Incomplete schemes may have adverse effect on development of the state besides depriving beneficiaries of the benefit of the schemes.

### 3.6.12 Lack of monitoring

(A) It was observed that ₹ 147.26 crore was provided to Jharkhand Tourism Development Corporation (JTDC), Ranchi for different schemes but expenditure report and physical status of works was not obtained from them by the Director of Tourism Division which indicates improper monitoring of schemes by the departmental officers of the works of JTDC. Year wise detail of fund allotted to JTDC, Ranchi is given in **Table 3.25**.

**Table 3.25: Detail of fund allotted**

( ₹ in crore)	
Year	Allotment of fund to JTDC
2017-18	28.82
2018-19	27.20
2019-20	45.24
2020-21	46.00
<b>Total</b>	<b>147.26</b>

(B) As per provision, a mechanism to monitor, supervise, physical inspection by a responsible officer during construction/ execution of works should be developed for smooth and timely completion of work.

In four<sup>9</sup> out of six test-checked districts above provisions were not followed and such mechanism was not framed.

### 3.6.13 Non- receipt of shares resulted in blockage of ₹ 25 crore

Purchase of shares of Ranchi Ashok Bihar Hotel Corporation Ltd. (RABHCL) from India Tourism Development Corporation Limited (ITDC) and Bihar State Tourism Development Corporation Ltd (BSTDC) was decided in December 2020, for which Tourism, Art, Culture and Youth Affairs Department, Government of Jharkhand allotted ₹ 25 crore in March 2021.

On request of Tourism division, Jharkhand State Beverage Corporation Limited, Ranchi (JSBCL) paid advance of ₹ 9.43 crore to ITDC (vide PNB Cheque No. 027093 dated 28-12-2020). Tourism division returned ₹ 9.43 crore to JSBCL in September 2021 and balance (₹ 15.57 crore) was kept in the PL account. The share value of ₹ 9.43 crore was also not transferred to the tourism division as of October 2021. Hence, inspite of available fund tourism division not only failed to acquire the property but also blocked its fund with ITDC.

### 3.6.14 Non- accounting of funds withdrawn from treasury

As per JTC Rule 19, a complete record of transactions relating to the treasury will be kept in the accountant's cash book either in manual register or on the computer system. Amount received or paid as well as all adjustment by transfer should be entered in the cash book or in some register subsidiary to the cash book in accordance with the directions contained in the accounting rule for treasury 1992.

<sup>9</sup> Lohardaga, Ramgarh, Jamshehpur and Gumla

Audit of records of Jamshedpur division revealed that ` 44.92 lakh withdrawn from treasury during the financial year 2020-21 was not entered in the cash book. Moreover, ` 14.92 lakh was not even found in the Expenditure Report prepared by the division. Detail is given in **Table 3.26**.

**Table 3.26: Detail of amount not entered in the Cash Book**

Head-Scheme	Withdrawn Amount	TV No.	TV Date	Bill No.
3452-80-796-19-06-78-Grants-in-Aid	30,00,000.00	2	31.03.2021	07/2020-21
3452-80-796-20-03-20- Fair & Exhibition	14,91,598.00	1	29.03.2021	05/2020-21
<b>Total</b>	<b>44,91,598.00</b>			

Further, it was noticed that the Cash Book was not maintained by the division since 2017-18. Non-maintenance of Cash Book for such a long period is a serious irregularity and chances of misappropriation and misutilisation of government money could not be ruled out.

### **3.6.15 Non provision of IEC components in Baidyanath Dham Deoghar project: ` 3.91 crore**

As per Government of India, Ministry of Tourism, Scheme Guidelines for National Mission on Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD) (Para 9.5), 10 *per cent* of the allocation was to be earmarked as Information Education Communication (IEC) components.

It was observed that ` 39.13 crore was received from Government of India, Ministry of Tourism under PRASHAD (dated 29-01-2019). As per GoI guidelines, a provision of ` 3.91 crore (10 *per cent* of ` 39.13 crore) was to be made for IEC components (letter number 367 dated 28-02-2019) which was not made. Hence, the objective to generate awareness was not achieved.

### **3.6.16 Rajrappa Mahotsava (25 and 26 February 2017)**

Rajrappa Mahaotsava was organised at CCL Rajrappa Stadium Ground, Chitarpur, Ramgarh for which event management was awarded (January 2017) to SVENTS Brand Solution Pvt. Limited, 201, Nath Mansion, Kathal More Road, Ranchi at ` 50.00 lakh (February 2017). Advance of ` 30 lakh was paid to the agency. Further ` 40 lakh was raised by the organisers' through crowd funding.

#### **i) Non-deduction of taxes at source**

As per sanction letter (January 2017) of the Tourism, Art, Culture, Sports and Youth Affairs Department, Government of Jharkhand, Ranchi, service tax, VAT, IT etc. was required to be deducted from the bill of supplier/agency at source. The deducted amount was to be remitted to the proper head of account.

It was observed that taxes were not deducted at source from the bills of the agency leading to loss of ` 10.71 lakh to the government. Details are given in **Table 3.27**.



**Table 3.27: Non-deduction of taxes**

(₹ in lakh)

Item	Total cost	Service Tax
Production cost	48.63	6.34
Artists cost	41.57	4.37
<b>Total</b>	<b>90.20</b>	<b>10.71</b>

**ii) Fraudulent claim- ₹ 22,360.00**

Test-checked of vouchers submitted by the agency against VAHAN application of GoI revealed that vehicles provided by the agency claimed as cars were actually two wheelers. However, requests have been sent to the concerned DTOs for verification of vehicle numbers. Details are given in **Table 3.28**.

**Table 3.28: Detail of vehicles**

Agency	Bill number/ date	Vehicle Number	Class of vehicle as mentioned by the agency	Actual class of vehicle	Amount involved (₹)
Piyush Travel	220/26-02-2017	JH01AD0873	Swift Car	Splendor Plus motorcycle	3,840.00
	214/25-02-2017	JH02AF6010	Innova	TVSXL Super Moped	7,234.00
	210/25-02-2017	JH02AD0342	Indigo Car	Honda Aviator Motorcycle	6,098.00
	213/25-02-2017	JH01AT2901	Tata Zest Car	Hero Passion Pro motorcycle	5,188.00
<b>Total</b>					<b>22,360.00</b>

**3.7 Conclusion**

During 2020-21, the total savings of ₹ 21,819.49 crore (22.66 per cent of the total budget) under the grants was indicative of improper budget estimation. Further, these grants had persistent total savings of at least ₹ 6,500.64 crore during each of the last four years.

Supplementary provisions aggregating ₹ 5,400.83 crore (54.51 per cent) obtained in 34 cases (₹ 0.50 crore or more in each case) during the year, proved unnecessary as the expenditure did not come up even to the level of the original provisions.

Excess disbursement over grant/appropriation amounting to ₹ 3,328.68 crore pertaining to the years 2001-02 to 2019-20 is yet to be regularised by the State Legislature. Further, excess expenditure of ₹ 144.95 crore was incurred in one appropriation (13- Interest Payment) during 2020-21.

**3.8 Recommendations**

- *Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings. Internal re-appropriations from Savings in other schemes may also be done wherever possible*

- *Excess expenditure over grants approved by the Legislature is in violation of the will of the Legislature. It therefore, needs to be viewed seriously and regularised at the earliest.*
- *An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe.*