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**Chapter-3**  
**BUDGETARY MANAGEMENT**

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## CHAPTER 3

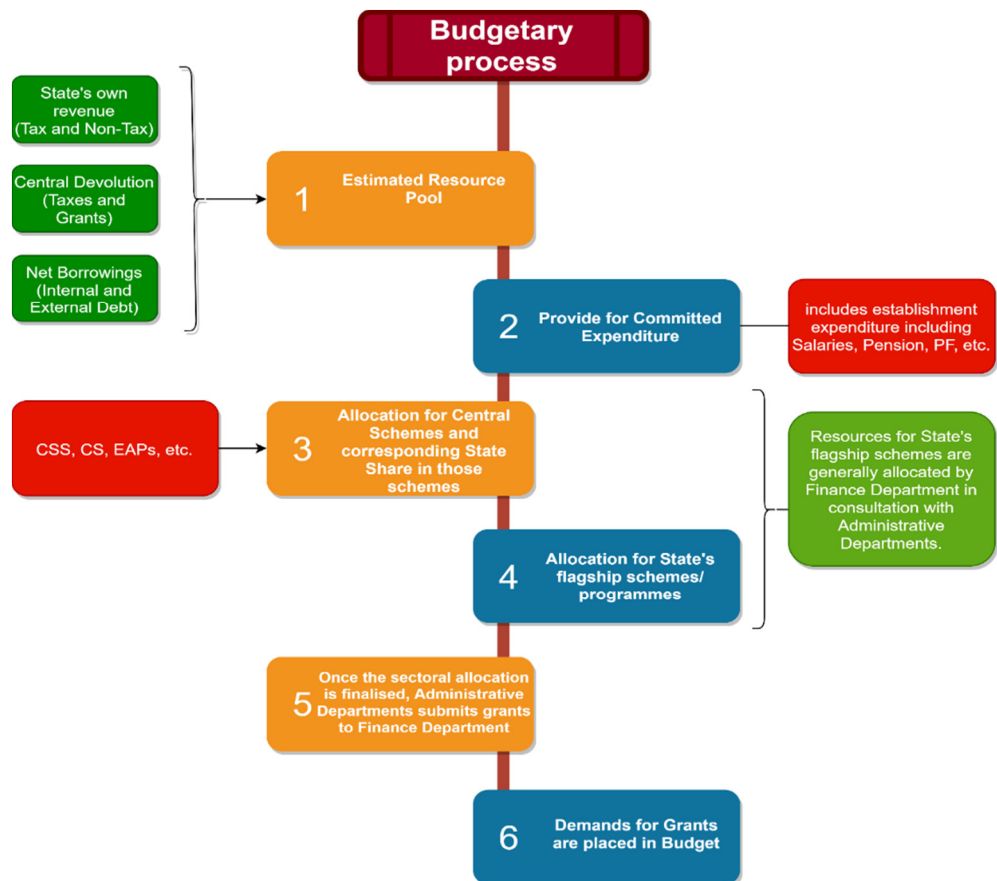
### BUDGETARY MANAGEMENT

#### 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

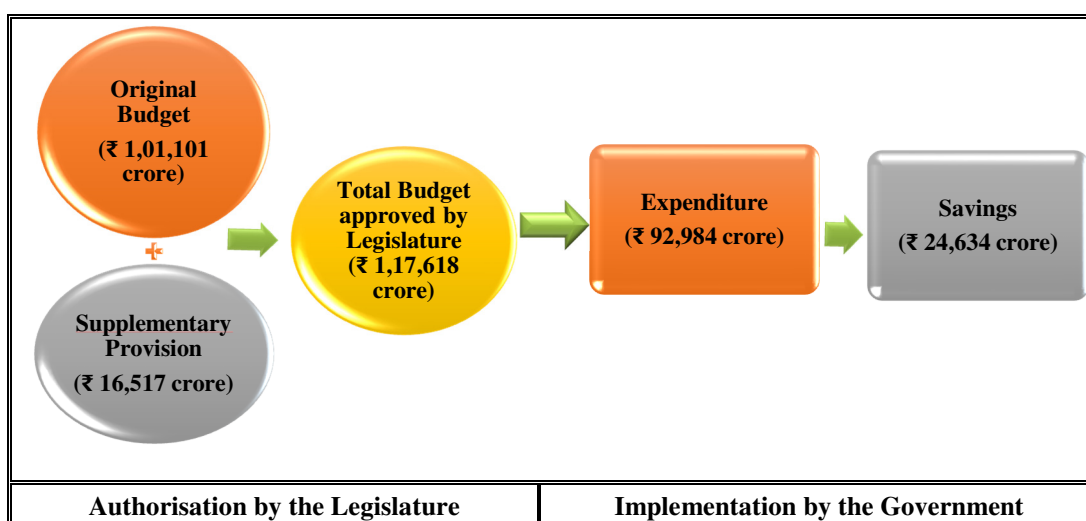
The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issuance (normally in August-September each year) of the Budget Circular by the Finance Department, containing instructions to be followed by all departments,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



Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government departments, the State Government has framed financial rules and provided for delegation of financial powers which establish limits for incurrence of expenditure and the levels authorised to sanction such expenditure, together with restrictions on appropriations and re-appropriations.

Apart from supplementary grants, re-appropriations are also used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. The component-wise break-up of the State’s budget, for the financial year 2022-23, is shown in **Chart 3.1**.

**Chart 3.1: Components of the Budget**



Source: Appropriation Accounts

Audit of appropriations is conducted to ascertain *inter alia* whether: (i) the expenditure actually incurred under various grants was within the authorisation given under the Appropriation Act and (ii) whenever the expenditure, that was required to be charged under the provisions of the Constitution, has been so charged. It also aims to ascertain whether the expenditure so incurred was in conformity with the laws, relevant rules and regulations and instructions.

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

A summarised position of the total budget provision, disbursement and savings/excess, further bifurcated into the voted/charged components, is 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		Net Savings (+)/ excess (-)	
	Voted	Charged	Voted	Charged	Voted	Charged
(I) Revenue	79,870.18	7,424.54	61,111.77	6,908.48	18,758.41	516.06
(II) Capital	19,080.19	0	14,022.68	0	5,057.51	0
(III) Loans & Advances and Inter State Settlement	4,529.28	6,713.53	4,211.14	6,729.45	318.14	-15.92
<b>Total</b>	<b>1,03,479.65</b>	<b>14,138.07</b>	<b>79,345.59</b>	<b>13,637.93</b>	<b>24,134.06</b>	<b>500.14</b>

During FY 2022-23, the total savings of ₹ 24,634.20 crore (20.94 per cent of the total budget) were the result of savings of ₹ 19,274.47 crore in 55 voted grants and five appropriations under the Revenue Section and ₹ 5,375.65 crore in 38 grants under the Capital Section. There was an excess expenditure of ₹ 15.92 crore in one appropriation (14-Repayment of loans) under Revenue Section.

Further, it was observed that, out of the total savings of ₹ 24,634.20 crore during FY 2022-23, savings of ₹ 16,719.36 crore had occurred under 10<sup>1</sup> grants, the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings, ranging from ₹ 10,231.12 crore to ₹ 14,762.53 crore, during the previous four years.

It was also noticed that, nearly all the savings were surrendered in the month of March 2023, leaving the Finance Department virtually no time to reallocate the funds to other needy departments, defeating the objective of achieving efficiency in budget management.

A detailed review of the Appropriation Accounts of the Government of Jharkhand for the FY 2022-23 revealed that, except in a few cases, reasons for savings/excess against the budget provisions of the schemes/sub-heads had not been 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 (2018-23), is given in **Table 3.2**.

<sup>1</sup> 1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division) (₹ 1,912.24 crore), 18-Food, Public Distribution & Consumer Affairs Department (₹ 1,300.66 crore), 20-Health, Medical Education and Family Welfare Department (₹ 1,547.83 crore), 36-Drinking Water and Sanitation Department (₹ 1,947.34 crore), 42-Rural Development Department (Rural Development Division) (₹ 3,462.30 crore), 48-Urban Development & Housing Department (Urban Development Division) (₹ 1,235.04 crore), 55-Rural Development Department (Rural Works Division) (₹ 1,347.03 crore), 56-Rural Development Department (Panchayati Raj Division) (₹ 975.32 crore), 59-School Education and Literacy Department (Primary & Adult Education Division) (₹ 1,246.34 crore) and 60-Women, Child Development and Social Security Department (₹ 1,745.26 crore)

**Table 3.2: Charged and voted disbursement during 2018-19 to 2022-23**

(₹ in crore)

Year	Disbursements		Saving (+)/ Excess (-)	
	Voted	Charged	Voted	Charged
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
2021-22	68,196.22	10,874.17	22,206.36	309.44
2022-23	79,345.60	13,637.94	24,134.06	500.14

**Table 3.2** shows that the budget provisions under the voted section, had not been fully utilised by the departments and huge savings had occurred every year, during the financial years 2018-19 to 2022-23. It was also seen that, except in 2020-21, a large share of the provisions under the charged section had not been utilised in the last five years (2018-19 to 2022-23) and were surrendered by the departments.

### 3.1.3 Budget marksmanship

#### Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved.

**Table 3.3: Budget Outturn during FY 2022-23**

(₹ in crore)

Description	Original approved budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(4)
Revenue	76,273.30	68,020.25	-8,253.05
Capital	24,827.70	24,963.27	135.57
<b>Total</b>	<b>1,01,101.00</b>	<b>92,983.52</b>	<b>-8,117.48</b>

\* Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

In the Revenue section, the deviation in outturn compared with BE was (-) 10.82 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 39 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 16 grants, between (+/-) 50 per cent to (+/-) 100 per cent in two grants and equal to or more than 100 per cent in three grants.

In the Capital section, the deviation in outturn compared with BE was 0.55 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 13 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 14 grants, between (+/-) 50 per cent to (+/-) 100 per cent in eight grants and equal to or more than 100 per cent in five grants. No provision was however, made in respect of 20 grants of the Capital section.

#### Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

**Table 3.4: Expenditure Composition Outturn during FY 2022-23**

(₹ in crore)

Description	Original Approved budget	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual & RE*
(1)	(2)	(3)	(4)	(5)	(6)
Revenue	76,273.30	87,294.72	68,020.25	11,021.42	-19,274.47
Capital	24,827.70	30,323.00	24,963.27	5,495.31	-5,359.73
<b>Total</b>	<b>1,01,101.00</b>	<b>1,17,617.72</b>	<b>92,983.52</b>	<b>16,516.72</b>	<b>-24,634.20</b>

\*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

In the Revenue section, the deviation in outturn, compared with the REs, was (-) 22.08 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 38 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 17 grants, between (+/-) 50 per cent to (+/-) 100 per cent in five grants.

In the Capital section, deviation in outturn, compared with the REs, was (-) 17.68 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 18 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 10 grants, between (+/-) 50 per cent to (+/-) 100 per cent in nine grants and equal to or more than 100 per cent in two grants. No provision was, however, made in respect of 21 grants of the Capital section.

### 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 by the Appropriation Act in respect of both Charged and Voted items of the 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. No new service or new instrument of service, which was not brought to the notice of the State Assembly earlier, was observed in the State accounts.

Audit scrutiny revealed that in one appropriation, expenditure had been incurred without budget provision, in three cases. The total expenditure, incurred without provision, was ₹ 1,300.00 crore, during the year. Details are given in **Table 3.5**.

**Table 3.5: Summary of Expenditure without Budget Provision**

Grant/ Appropriation	Expenditure (₹ in crore)	Number of Schemes/ Sub-Heads
14-Repayment of Loans	1,300.00	3
<b>Total</b>	<b>1,300.00</b>	<b>3</b>

As can be seen from **Table 3.5**, huge expenditure, without budget provision, was incurred on Repayment of Loans during FY 2022-23. Expenditure on Repayments of Loans is a committed expenditure and the State is expected to be well aware of such liabilities at the time of preparation of the estimates. However, sufficient budgetary provisions were not made by the State to cover the expenditure.

### **3.2.2 Balance under Minor Head-800 of Major Head-8443**

During verification of Statement No. 21 of the Finance Accounts, it was observed that, every year, a significant amount had remained as balance under the Minor Head-800 of Major Head-8443. In FY 2022-23, the deposits under this head increased to ₹ 74.01 crore and the disbursements from this head were ₹ 81.79 crore, leading to a balance of ₹ 257.58 crore at the end of the year. The amount credited under this head mainly pertains to allocation for compensation of land acquisition.

The Government of Jharkhand, in consultation with AG (A&E), had directed (December 2019) that PD accounts be opened in the 24 district treasuries under the Minor Head ‘106- Personal Deposit Accounts’ of Major Head ‘8443-Civil Deposits’ in the name of District Land Acquisition Officers (DLAOs). Further, the amount previously booked under the Minor Head 800 by the DLAOs was required to be transferred to these PD accounts. However, the amount was not fully transferred to the PD accounts leading to a balance of ₹ 257.58 crore under Minor Head 800, as of March 2023.



### 3.2.3 Unnecessary supplementary grants

Rule 117 of the Jharkhand Budget Manual (BM), 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 the estimates 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 the total supplementary budget provision of ₹ 16,517 crore, supplementary provisions aggregating ₹ 6,221.83 crore (37.67 per cent) in 43 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 provision which indicates poor budgetary management.

### 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 under eight sub-heads, during FY 2022-23 (**Appendix 3.2**), which proved excessive. Under these schemes/sub-heads, in spite of savings, ₹ 17.81 crore was provided through re-appropriation, which resulted in savings of ₹ 46.84 crore.

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

Budgetary allocations, based on inflated/unrealistic proposals and poor monitoring mechanism, results in huge savings of the budget provisions.

#### 3.2.5.1 Savings of ₹ 100 crore or more

Out of total savings of ₹ 24,634 crore, savings of ₹ 22,909.40 crore (93.00 per cent) occurred in 27 grants<sup>2</sup>, each amounting to ₹ 100 crore or more (**Appendix 3.3**). No reasons for such large savings were given by the departmental authorities.

Further, during FY 2022-23, savings in 12 grants under revenue section and two grants under capital section was ₹ 500 crore or more. Reasons for such savings were not furnished by the departments. Huge savings without justification was indicative of unrealistic budget proposals, poor expenditure monitoring mechanism, weak scheme implementation capacity and weak internal control in the departments. Details are given in **Appendix 3.4**.

Savings of more than 30 per cent in seven grants during the last five years are given in **Table 3.6**.

<sup>2</sup> Of these, 23 grants relate to revenue (₹ 18,420.23 crore), 9 relate to capital (₹ 4,489.17 crore) and 5 relate to both.

**Table 3.6: Grants/Appropriations with non-utilisation of 30 per cent or more than the budget provisions**

Sl. No.	Grant	(in per cent)					No. of years*	Budget 2022-23 (₹ in crore)
		2018-19	2019-20	2020-21	2021-22	2022-23		
<b>Revenue</b>								
1	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	53	39	65	23	61	4	3,097.25
2	26-Labour, Employment and Training Department	32	50	57	48	31	5	775.87
3	36- Drinking Water and Sanitation Department	25	65	65	73	49	4	584.68
4	42- Rural Development Department (Rural Development Division)	33	36	30	32	44	5	7,761.39
5	51- SC, ST, Backward Class welfare Department	35	30	46	35	25	4	3,281.85
6	54-Agriculture, Animal Husbandry and Co-operative Department (Dairy Division)	55	76	47	46	27	4	126.91
<b>Capital</b>								
1	26-Labour, Employment, Training and Skill Development Department	87	87	58	30	41	5	65.38
2	60- Women, Child Development and Social Security Department	100	98	89	83	64	5	118.36

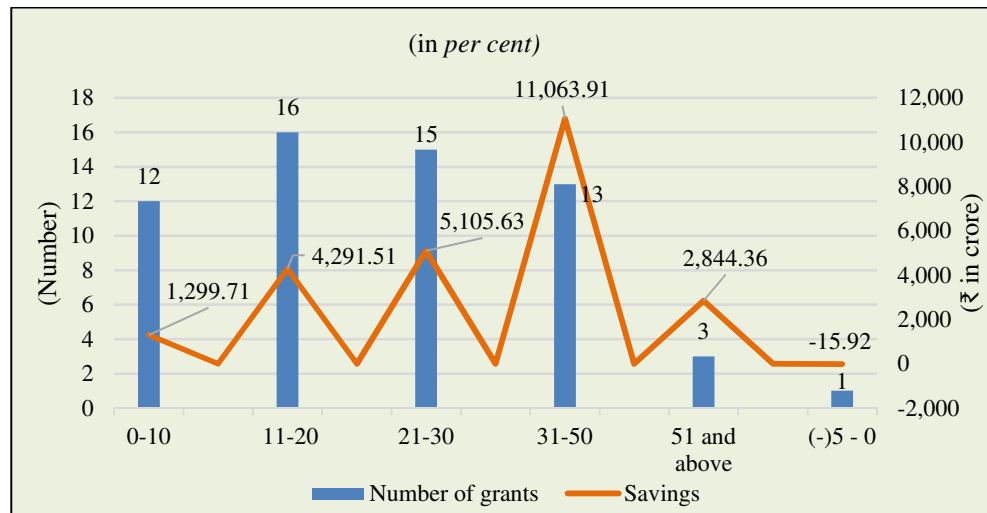
\* Number of years with savings of 30 per cent or more

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 targeted beneficiaries of the envisaged benefits. As can be seen from the table above, savings under Grant No. 60 were between 64 per cent and 100 per cent during the last five years, as the funds provided for schemes for implementation of the rights of persons with disabilities, construction works for rehabilitation centres, working women hostels, anganwadi kendras *etc.*, were surrendered, without giving any reason.

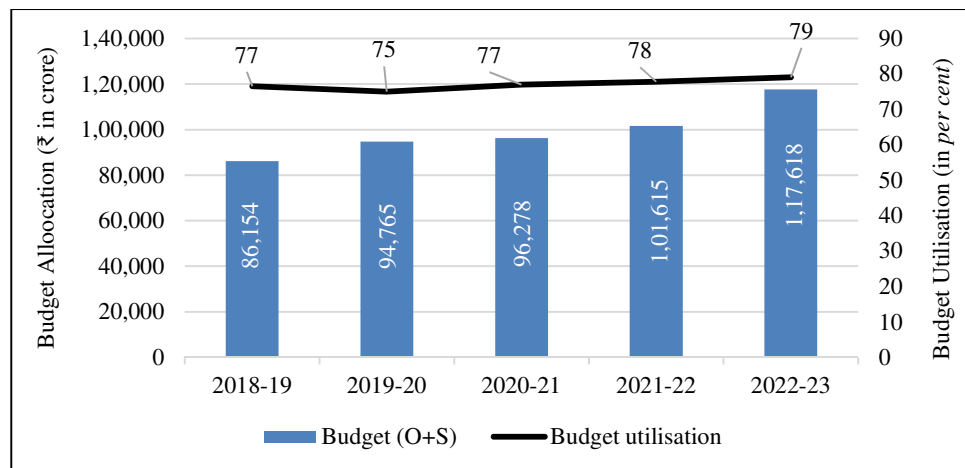
### 3.2.6 Surrender of funds in excess of ₹ 10 crore at the end of March

Verification of Appropriation Accounts of the State revealed that, out of total savings of ₹ 24,634.20 crore, savings of ₹ 10 crore or more amounting to ₹ 15,578.22 crore (63 per cent) were surrendered, at the end of March 2023, leaving no scope for the Government to utilise the funds on other development schemes, as detailed 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 2018-19 to 2022-23**



As can be seen from **Chart 3.2**, 31 grants had savings between 11 and 30 *per cent*, whereas, 16 grants had savings more than 30 *per cent* in the current year. The maximum savings was 53 *per cent* of the budget in Grant No. 1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division). Further, **Chart 3.3** shows the budget allocations and its utilisation percentage during the 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.

Failure to regularise excess disbursement over grant is in contravention of constitutional provisions and defeats the objective of ensuring accountability of the executive to the Legislature.

### **3.2.7.1 Excess expenditure relating to FY 2022-23**

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

As observed in the Appropriation Accounts, excess expenditure of ₹ 15.92 crore was incurred in one appropriation (14- Repayment of loans) during FY 2022-23.

### **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 ₹ 3,762.49 crore relating to 11 grants pertaining to FYs 2001-02 to 2021-22 is yet to be regularised by the State Legislature as detailed in **Appendix 3.6**.

Three Grants/Appropriations, 13-Interest payments, 14-Repayment of Loans and 15-Pension accounted for ₹ 889.27 crore (23.64 per cent), ₹ 967.57 crore (25.72 per cent) and ₹ 1,731.55 crore (46.02 per cent) respectively, of the total excess expenditure during FYs 2001-02 to 2021-22, which is yet to be regularised. The excess expenditure of previous years has not been regularised, even after being reported repeatedly in the State Finances Audit Report.

## **3.2.8 Grants-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 creation of assets.

During FY 2022-23, ₹ 6,051.88 crore was given as grants to the bodies and authorities of the State for creation of capital assets. However, ₹ 2,102.76 crore of such grant was booked as capital expenditure in the accounts of the State which was against the provisions of Indian Government Accounting Standard (IGAS)-2 related to accounting and classification of Grants-in-aid.

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

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

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

**Table 3.7: Summarised position of expenditure vis-à-vis budget (Original/Supplementary) provisions during FY 2022-23**

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Expenditure	Net Savings	Surrender during March	
Voted	Revenue	68,884.97	10,985.20	79,870.18	61,111.77	18,758.41	All surrenders were made in the month of March	
	Capital	16,606.49	2,473.71	19,080.19	14,022.68	5,057.51		
	Loans & Advances	1,507.68	3,021.60	4,529.28	4,211.14	318.14		
	<b>Total</b>	<b>86,999.14</b>	<b>16,480.51</b>	<b>1,03,479.65</b>	<b>79,345.59</b>	<b>24,134.06</b>		
Charged	Revenue	7,388.33	36.21	7,424.54	6,908.48	516.06		
	Capital	0.00	0.00	0.00	0.00	0.00		
	Public Debt- Repayment	6,713.53	0.00	6,713.53	6,729.45	-15.92		
	<b>Total</b>	<b>14,101.86</b>	<b>36.21</b>	<b>14,138.07</b>	<b>13,637.93</b>	<b>500.14</b>		
<b>Grand Total</b>		<b>1,01,101.00</b>	<b>16,516.72</b>	<b>1,17,617.72</b>	<b>92,983.52</b>	<b>24,634.20</b>		

Source: Appropriation Accounts

**Table 3.7** shows that out of the total provision of ₹ 1,17,617.72 crore, an amount of ₹ 92,983.52 crore was spent by the State departments and ₹ 24,634.20 crore (20.94 per cent) remained unutilised during FY 2022-23. The unutilised amount was surrendered in the month of March.

**Table 3.8: Original Budget, Revised Estimate and Actual Expenditure during 2018-23**

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	80,200.00	85,429.00	86,370.00	91,277.00	1,01,101.00
Supplementary Budget	5,953.81	9,335.64	9,908.07	10,309.19	16,516.72
Total Budget (TB)	86,153.81	94,764.64	96,278.07	1,01,586.19	1,17,617.72
Revised Estimate (RE)	86,153.81	94,764.64	96,278.07	1,01,586.19	1,17,617.72
Actual Expenditure (AE)	65,930.08	71,093.25	74,458.59	79,070.38	92,983.52
Savings	20,223.74	23,671.39	21,819.49	22,515.81	24,634.20
Percentage of supplementary to original provision	7.42	10.93	11.47	11.29	16.34
Percentage of overall savings to the overall provision	23.47	24.98	22.66	22.16	20.94
TB-RE	0.00	0.00	0.00	0.00	0.00
RE-AE	20,223.73	23,671.39	21,819.48	22,515.81	24,634.20
(TB-RE) as percentage of TB	0.00	0.00	0.00	0.00	0.00
(RE-AE) as percentage of TB	23.47	24.98	22.66	22.16	20.94

It can be seen from **Table 3.8** that, during FY 2022-23, supplementary provision of ₹ 16,516.72 crore constituted 16.34 per cent of the original provision against 11.29 per cent in FY 2021-22. The percentage of overall savings to the overall provision, fluctuated between 20.94 per cent and 24.98 per cent, during FYs 2018-19 to 2022-23.

Further, as evident from **Table 3.8**, a large part of the budget provisions was not utilised during FYs 2018-19 to 2022-23 and was surrendered by the departmental officers. No appropriate reasons were also recorded for these savings. These savings were much more than the supplementary provisions of the State, which was indicative of budgetary allocations having been made based on unrealistic proposals, poor expenditure

monitoring mechanism, weak scheme implementation capacity/weak internal controls *etc.*

### 3.3.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the departments report to the legislature, large additional requirements for different purposes, under various schemes/activities; but are unable to spend even the original budget provision which leads to large savings. At the same time, some of the schemes remain incomplete due to want of funds. Further, delay in completion leads to escalation of project cost. Cases of unnecessary/excessive supplementary provisions despite savings, are given in **Table 3.9**.

**Table 3.9: Unnecessary/excessive supplementary provisions despite savings**

(₹ in crore)

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Expenditure	Unutilised funds
<b>Revenue</b>						
1	42- Rural Development Department (Rural Development Division)	7,468.72	292.67	7,761.39	4,360.55	3,400.83
2	1- Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	2,653.22	444.03	3,097.25	1,198.93	1,898.32
3	20- Health, Medical Education and Family Welfare Department	5,159.66	972.62	6,132.28	4,674.15	1,458.12
4	18- Food, Public Distribution and Consumer Affairs Department	2,490.08	237.32	2,727.40	1,448.06	1,279.34
5	59- School Education and Literacy Department (Primary and Adult Education Division)	8,450.05	387.36	8,837.41	7,592.79	1,244.62
6	48- Urban Development and Housing Department (Urban Development Division)	2,076.11	884.52	2,960.63	1,969.22	991.41
7	56- Panchayati Raj Department	2,009.47	727.50	2,736.97	1,764.90	972.07
8	39- Home, Jail and Disaster Management Department (Disaster Management Division)	1,508.83	261.61	1,770.44	854.87	915.57
<b>Capital</b>						
9	36- Drinking Water and Sanitation Department	3,472.04	31.01	3,503.05	1,840.08	1,662.96
10	55- Rural Development Department (Rural Works Division)	2,449.90	322.80	2,772.70	1,611.18	1,161.52
<b>Total</b>		<b>37,738.08</b>	<b>4561.44</b>	<b>42,299.52</b>	<b>27,314.73</b>	<b>14,984.76</b>

#### *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 funds allocated for several schemes. Persistent large savings in the last three years had resulted in non-completion of the schemes and the envisaged benefits could not be achieved. Some of these schemes are shown in **Table 3.10**.

Table 3.10: Year-wise savings under some major schemes

(₹ in crore)

Sl. No.	Name of Scheme/Head	2020-21		2021-22		2022-23	
		Budget	Savings	Budget	Savings	Budget	Savings
<b>36-Drinking Water and Sanitation Department</b>							
1	4215-01-102-02-Rural Piped Water Supply Scheme	207.57	66.52	205.02	57.27	102.53	28.98
<b>42-Rural Development Department (Rural Development Division)</b>							
2	2501-06-101-05-Swarna Jayanti Gram Swarojgar Yojana for General (CASC)	300.00	107.71	300.00	100.77	195.04	78.80
3	2501-06-796-05-Swarna Jayanti Gram Swarojgar Yojana for General (CASC)	126.00	25.20	126.00	31.91	81.92	22.33

From the above table, it can be seen that there were huge savings in the schemes under social and economic services like Rural Piped Water Supply Scheme and Swarna Jayanti Gram Swarojgar Yojana during the last three years, which raises the issue of effectiveness of the budgetary procedure of the State and also deprived the beneficiaries of benefits under the schemes.

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

Policy initiatives taken up by Government and schemes incorporated in the budget were not executed, which deprived the beneficiaries of the intended benefits. However, reasons for non-utilisation of the provisions were not given by the departments. Savings in such schemes deprive other departments of the funds which they could have utilised. In 313 cases, 100 *per cent* of the provisions (₹ one crore and above in each case), amounting to ₹ 6,950.13 crore, were surrendered, resulting in non-implementation of schemes/programmes, as detailed in **Appendix 3.7**.

### 3.4 Rush of expenditure

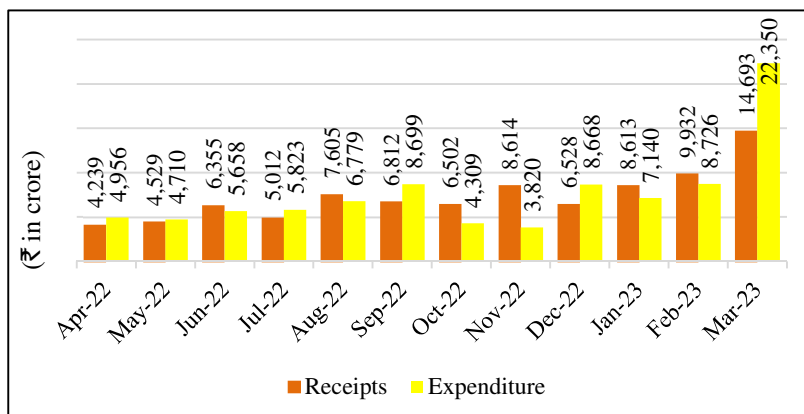
Rule 113 of the Jharkhand Budget Manual stipulates that rush of expenditure in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates 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.

It was observed that ₹ 268.89 crore was drawn on AC bills in March 2023 of which ₹ 137.58 crore was drawn on the last day of the financial year mainly by the Rural Development Department and Health & Family Welfare Department.

During FY 2022-23, ₹ 22,350 crore, comprising 24.04 *per cent* of the total expenditure (₹ 92,984 crore), was spent in March 2023. The high percentage of expenditure in March indicates that uniform flow of expenditure, a primary requirement of budgetary control, had not been maintained. Rush of expenditure in the closing month of the financial year is against the provisions of the Budget Manual and entails the risk of

misuse of public money. Month-wise receipts and expenditure during FY 2022-23 are shown in **Chart 3.4**.

**Chart 3.4: Monthly receipts and expenditure of the State during FY 2022-23**



Further, it was observed, that under 40 major heads, expenditure of 50 *per cent* and above, amounting to ₹ 10,701.95 crore (69.48 *per cent*), had been incurred in the last quarter of the year, against the total expenditure of ₹ 15,402.94 crore under these heads, as detailed in **Appendix 3.8**. Of this, an expenditure of ₹ 7,017.24 crore (45.56 *per cent* of the total expenditure under these heads) was incurred in the month of March 2023.

### 3.5 Audit of Budgetary provision of Grant No. 01–Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)

#### 3.5.1 Introduction

Agriculture is the mainstay of 80 *per cent* of the rural population of Jharkhand. The agricultural economy of the Jharkhand is characterised by dependence on nature, low investment, low productivity, mono cropping with paddy (dominant crop), inadequate irrigation facilities along with small and marginal holdings. The dependence of agriculture on rain can be gauged from the fact that as much as 92 *per cent* of the total cultivated area is dependent on rain. The cultivable land resources of the State have good potential for higher production of horticulture and forest products.

The Agriculture Division received a budget of ₹ 3,582.35 crore during FY 2022-23, of which ₹ 1,670.11 crore (47 *per cent*) was utilised, leading to savings of ₹ 1,912.24 crore (53 *per cent*). Further, out of the total savings of ₹ 1,912.24 crore, ₹ 1,644.32 crore was surrendered by the Department and ₹ 267.92 crore was allowed to lapse during the year. Details of the budget and its utilisation are given in **Table 3.11**.



**Table 3.11: Details of budget provision, expenditure and savings during FY 2022-23**

(₹ in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	477.00	2,653.22	3,130.22
Supplementary Grant	8.10	444.03	452.13
<b>Total Grant</b>	<b>485.10</b>	<b>3,097.25</b>	<b>3,582.35</b>
Expenditure	471.18	1,198.93	1,670.11
Saving	13.92	1,898.32	1,912.24
Surrender	0.00	1,644.32	1,644.32
Lapse	13.92	254.00	267.92

Source: Appropriation Accounts of the Government of Jharkhand for FY 2022-23

**3.5.2 Scope of Audit**

The Departmental Secretariat of Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division), three<sup>3</sup> Directorates and 19 units<sup>4</sup>, in eight<sup>5</sup> selected districts, were covered in audit.

**Audit findings****3.5.3 Persistent Savings**

During review of the trends of the Department's budget and expenditure during the last four years (2019-23), it was noticed that the Department had persistent savings during the period and the percentage of savings, in comparison to the budget estimates, was very high in all the years, as shown in **Table 3.12**.

**Table 3.12: Trend of savings during FYs 2019-20 to 2022-23**

(₹ in crore)

Years	Section	Original	Supplementary	Total	Expenditure	Saving	Savings (per cent)
2019-20	Revenue	3,230.59	143.18	3,373.77	2,062.07	1,311.70	39
	Capital	114.60	0.00	114.60	61.76	52.84	
	<b>Total</b>	<b>3,345.19</b>	<b>143.18</b>	<b>3,488.37</b>	<b>2,123.83</b>	<b>1,364.54</b>	
2020-21	Revenue	3,042.81	157.65	3,200.46	1,131.00	2,069.46	65
	Capital	5.00	0.00	5.00	2.28	2.72	
	<b>Total</b>	<b>3,047.81</b>	<b>157.65</b>	<b>3,205.46</b>	<b>1,133.28</b>	<b>2,072.18</b>	
2021-22	Revenue	2,970.84	335.71	3,306.55	2,530.48	776.07	22
	Capital	218.25	0.96	219.21	204.28	14.93	
	<b>Total</b>	<b>3,189.09</b>	<b>336.67</b>	<b>3,525.76</b>	<b>2,734.76</b>	<b>791.00</b>	
2022-23	Revenue	2,653.22	444.03	3,097.25	1,198.93	1,898.32	53
	Capital	477.00	8.10	485.10	471.18	13.92	
	<b>Total</b>	<b>3,130.22</b>	<b>452.13</b>	<b>3,582.35</b>	<b>1,670.11</b>	<b>1,912.24</b>	

Source: Appropriation Account 2019-23

As shown in the above table, the Department had persistent savings ranging between 22 and 65 per cent during FYs 2019-20 to 2022-23 which was not only indicative of the inability of the Department to utilise the funds but had also resulted in non-completion of State schemes approved by the Legislature.

<sup>3</sup> Directorates of (i) Agriculture (ii) National Horticulture Mission and (iii) Soil Conservation<sup>4</sup> District Agriculture Officers: (i) Deoghar (ii) Dhanbad (iii) Dumka (iv) Godda (v) Palamu (vi) Ranchi (vii) Sahibganj and (viii) Sub-Divisional Agriculture Officer, Chatra; District Horticulture Officers: (i) Deoghar (ii) Dhanbad (iii) Dumka (iv) Godda (v) Palamu (vi) Ranchi and (vii) Sahibganj; District Soil Conservation Officers: (i) Deoghar (ii) Palamu (iii) Ranchi and (iv) District Soil Chemist, Dumka<sup>5</sup> (i) Chatra (ii) Deoghar (iii) Dhanbad (iv) Dumka (v) Godda (vi) Palamu (vii) Ranchi and (viii) Sahibganj

### 3.5.4 Delay in submission of Budget Estimates

Rule 62 of the Jharkhand Budget Manual provides the budget calendar for correct and timely preparation of the budget of the State. Finance Department, GoJ revised (November 2021) the prescribed dates of submission of estimates of establishment expenditure and general budget, after approval of the Minister concerned, to 15 December 2021 and 30 December 2021 respectively, against the stipulated date of 1<sup>st</sup> October in the Budget Manual.

As per instructions issued by the Directorate of Agriculture and the Directorate of Soil Conservation, the Budget Estimates for establishment expenditure was to be submitted by the field offices by 26 October and 25 November 2021, respectively.

It was noticed that the Budget Estimates (BEs) for Establishment Expenditure had been submitted (15 December 2021) in time, whereas the Budget Estimates (BEs) for the General Budget, had been submitted to the Finance Department on 12 February 2022, *i.e.* with a delay of 47 days.

In the test-checked Districts/DDOs, it was noticed that the budget estimates for establishment expenditure had been submitted, by five DDOs, to the Department with delays ranging between four to 30 days, against the prescribed date, while BEs for establishment expenditure had not been submitted at all, by five DDOs, as detailed in **Table 3.13**.

**Table 3.13: Delay/non-submission of budget estimates by the field offices**

Sl. No.	Name of offices/DDOs	Due date of submission	Actual date of submission by DDOs	Delay (in days)
1	District Agriculture Officer, Ranchi	26.10.2021 (vide letter No. 3976, dated 22.10.2021 of Directorate of Agriculture)	Not submitted	
2	District Agriculture Officer, Daltonganj		25.11.2021	30
3	District Agriculture Officer, Dhanbad		13.11.2021	18
4	District Agriculture Officer, Sahibganj		Not submitted	
5	District Agriculture Officer, Godda		01.12.2021	26
6	District Agriculture Officer, Deoghar		Not submitted	
7	District Agriculture Officer, Dumka		Not submitted	
8	Sub-Divisional Agriculture Officer, Chatra		16.11.2021	21
9	District Soil Conservation Officer, Deoghar	25.11.2021 (vide letter No. 462 dated 18.11.2021 of Directorate of Soil Conservation)	29.11.2021	04
10	Assistant Soil Chemist, Dumka		Not submitted	

### 3.5.5 Budget Estimate prepared without obtaining requirements

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

During audit, it was noticed that provisions of BM had not been followed and the estimates for General Budget (State, Central and Centrally Sponsored Schemes) had been prepared at the Directorate level, without obtaining/ assessing the actual requirements from the DDOs, who are

finally responsible for executing various works and utilising the funds. Further, the budget estimates for both Establishment Expenditure and General Budget, had not been requisitioned from field offices/DDOs, by the Directorate of Horticulture. The huge savings of ₹ 1,912.24 crore (53 per cent), out of the total provision of ₹ 3,582.35 crore, during FY 2022-23, can be attributed to preparation of budget estimates without obtaining requirements from DDOs.

### 3.5.6 Avoidable Supplementary Provision

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

During audit, it was noticed that, in 24 out of 155 schemes, out of the original provision of ₹ 296.22 crore, during FY 2022-23, the Department had utilised only ₹ 184.80 crore, leading to savings of ₹ 111.42 crore. Despite non-utilisation of original provisions, additional funds, amounting to ₹ 204.83 crore, had been provided to those schemes through supplementary budget, in violation of the provisions of the BM. Details are given in **Appendix 3.9**.

Further, in two schemes, supplementary provision of ₹ 22.50 crore was made but was not utilised at all, as shown in **Table 3.14**.

**Table 3.14: Avoidable supplementary provision**

(₹ in crore)

Sl. No.	Head	Original	Expenditure out of original provision	Supplementary	Expenditure out of supplementary provision
1	2401-00-102-BV	7.50	7.50	7.50	0.00
2	2401-00-796-BV	15.00	15.00	15.00	0.00
<b>Total</b>		<b>22.50</b>	<b>22.50</b>	<b>22.50</b>	<b>0.00</b>

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

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

Scrutiny of records revealed that a budget of ₹ 738.69 crore had been provided, under 28 sub-heads, during FY 2022-23, on the basis of estimates sent by the Department. However, the entire amount had not been utilised and had been surrendered at the end of the financial year, as detailed in **Appendix 3.10**.

During scrutiny of records in five test-checked districts, it was seen that the entire amount of ₹ 10.58 crore, provided to these districts, had not been utilised, and had been surrendered, as detailed in **Appendix 3.11**.

### 3.5.8 Surrender of funds on the last day of the financial year

As per Rule 112 of the BM, 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 of records of the Department revealed that, against the budget provision of ₹ 3,582.35 crore (₹ 485.10 crore under the capital head and ₹ 3,097.25 crore under the revenue head), ₹ 1,644.32 crore (under the revenue head), had been surrendered by the Department, on the last day of the financial year.

Further, scrutiny of records of the test-checked districts revealed that ₹ 14.72 crore (81 *per cent* of total provision) had been surrendered on the last day of the financial year, as detailed in **Appendix 3.12**. The delay in surrender of funds was attributed to reasons such as, anticipation of expenditure and late allocation of funds *etc.*

Surrender on the last day of the financial year leaves no scope for the Government to utilise the funds on other important schemes, which may have remained incomplete due to paucity of funds.

### 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 the total expenditure of ₹ 1,670.11 crore, expenditure of ₹ 991.06 crore (59 *per cent*) had been incurred in the month of March 2023. Scrutiny further revealed that, in 44 out of the 155 sub-heads, expenditure in the month of March had ranged between 36 and 100 *per cent* (₹ 924.86 crore) of the total expenditure during the year. Further, in the test-checked districts/DDOs, the expenditure under various heads had ranged between 23 to 100 *per cent* (₹ 287.22 crore) in the month of March, as detailed in **Appendix 3.13**.

### 3.5.10 Non-reconciliation of departmental expenditure figures

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

Audit observed that, during FY 2022-23, under two (2401 & 4401) out of the seven Major heads, expenditure of ₹ 12.17 crore, out of the total expenditure of ₹ 938.98 crore, had not been reconciled by the Controlling Officers of the Department, with the books of the Principal Accountant General (A&E), as shown in **Table 3.15**.

**Table 3.15: Details of non-reconciliation of departmental expenditure**

(₹ in crore)				
Sl. No.	Major Heads	Total expenditure (As per Appropriation Account)	Reconciled amount	Unreconciled amount
1	2401	927.18	926.81	0.37
2	4401	11.80	0.00	11.80
<b>Total</b>		<b>938.98</b>	<b>926.81</b>	<b>12.17</b>

Further, in the test-checked DDOs, total expenditure of ₹ 615.55 crore had not been reconciled during FY 2022-23, as shown in **Table 3.16**.

**Table 3.16: Non-reconciliation of departmental expenditure figure**

(₹ in crore)

Sl. No.	Name of District	Name of Office/Division	Heads	Total expenditure	Reconciled amount	Non-reconciled amount
1	Ranchi	Deputy Director, O/o the Directorate of Agriculture	Establishment	3.64	0.00	3.64
			Schemes	578.15	0.00	578.15
		District Agriculture Officer	Establishment	1.28	0.00	1.28
			Schemes	4.39	0.00	4.39
		District Horticulture Officer	Establishment	0.90	0.00	0.90
			Schemes	2.36	0.00	2.36
District Soil Conservation Officer	Establishment	0.68	0.00	0.68		
2	Palamu	District Agriculture Officer	Establishment	0.50	0.00	0.50
			Schemes	2.84	0.00	2.84
3	Sahibganj	District Agriculture Officer	Establishment	0.81	0.00	0.81
			Schemes	2.29	0.00	2.29
4	Godda	District Agriculture Officer	Establishment	0.84	0.00	0.84
			Schemes	3.43	0.00	3.43
		District Horticulture Officer	Establishment	0.47	0.00	0.47
			Schemes	2.50	0.00	2.50
5	Dumka	District Agriculture Officer	Establishment	0.73	0.00	0.73
			Schemes	3.05	0.00	3.05
		District Horticulture Officer	Establishment	0.33	0.00	0.33
			Schemes	1.72	0.00	1.72
		Assistant Soil Chemist	Establishment	0.14	0.00	0.14
			Schemes	0.05	0.00	0.05
6	Chatra	Sub-Divisional Agriculture Officer	Establishment	0.68	0.00	0.68
			Schemes	3.77	0.00	3.77
<b>Total</b>				<b>615.55</b>	<b>0.00</b>	<b>615.55</b>

**3.5.11 Parking of unutilised fund in bank accounts-₹ 45.85 crore**

As per Rule 174 of the Jharkhand Treasury Code, no money shall be drawn from the treasury in anticipation of demands or to prevent lapse of budget. Further, the Finance Department had also directed (03.04.2022) that drawing funds from the treasury and keeping them unutilised for a long time, is against financial discipline and that the amounts parked in bank accounts, along with the interest earned thereon, should be deposited into the Consolidated Fund.

Scrutiny of records of the test-checked districts/DDOs revealed that an amount of ₹ 45.85 crore had been drawn in previous years from the Treasury and parked in bank accounts (as on 31 March 2023), in violation of financial rules. Out of the total parked amount, ₹ 1.43 crore had been deposited back into the Treasury, during June to September 2023, as detailed in **Appendix 3.14**.

**3.5.12 Non-execution of “Promotion of Urban Farming Scheme”**

As per Government’s sanction (18.05.2022), ₹ two crore was sanctioned for execution of “Promotion of Urban Farming”, under the State Horticulture Development Scheme, for FY 2022-23.

The objectives of the Scheme were to ensure green cover in the urban areas of the State, maintain environmental balance against global warming and provide stable source of income through farming in vacant plots of land adjacent to family residences in urban areas and in government premises in available space. Organic & qualitative farming

of various vegetables, flowers and fruits under terrace gardening, was also proposed for promotion.

During test-check of records in the office of four District Horticulture Officers, it was noticed that ₹ 1.12 crore had been allotted (February 2023) by the Deputy Director of Horticulture, Ranchi, after approximately nine months of issue (May 2022) of the sanction order. Out of this, only ₹ 0.12 crore had been utilised and the balance ₹ one crore (89 *per cent*) had been surrendered at the end of the financial year, as shown in **Table 3.17**.

**Table 3.17: Surrender of funds**

(₹ in crore)

Sl. No.	Name of Offices	Allotment No./date	Amount allotted	Expenditure	Surrender
1	DHO, Palamu	93/01.02.23 162/28.02.23	0.20	0.00	0.20
2	DHO, Deoghar		0.20	0.04	0.16
3	DHO, Dumka		0.24	0.02	0.22
4	DHO, Ranchi	162/28.02.23	0.48	0.06	0.42
<b>Total</b>			<b>1.12</b>	<b>0.12</b>	<b>1.00 (89%)</b>

The Scheme for which the funds had been allotted, was not started and the beneficiaries were deprived of the intended benefits of the scheme.

### 3.5.13 Non-achievement of target

During scrutiny of records in the test-check districts/DDOs, it was noticed that physical targets under various ‘work components’ under the ‘State Horticulture Mission’ (under NHM) were fixed by the Department and ₹ 6.57 crore was allotted during FY 2022-23. Despite the availability of funds, physical targets were not achieved and the beneficiaries were deprived of the intended benefits of the schemes, as detailed in **Appendix 3.15**.

### 3.5.14 Jharkhand Krishi Rin Maafi Yojana

Government of Jharkhand had launched the Jharkhand Krishi Rin Maafi Yojana 2020-21, for farmers unable to pay EMIs against outstanding loans, due to reasons like drought, COVID-19 *etc.* GoJ has initiated this scheme to waive off loans up to ₹ 50,000.

During scrutiny, it was observed that the total number of beneficiary farmers (loanee) in the State, under the Scheme, was 8,03,679 of which loans of 4,10,208 (51 *per cent*) farmers had been waived off, as of March 2023. It was further seen that the remaining 49 *per cent* farmers had been deprived of the benefits under the Scheme despite the balance of ₹ 685.08 crore, out of total allotment of ₹ 915.86 crore, during FY 2022-23, under the Scheme, being parked in an account in the Bank of India, Ranchi.

### 3.5.15 Audit of Personal Ledger Accounts

- **Non-utilisation and parking of funds in Personal Ledger Accounts-₹ 925.86 crore**

As per Rule 174 of the Jharkhand Treasury Code, no money shall be drawn from the treasury in anticipation of demands or to prevent lapse of budget provision.

During scrutiny of records of the State Agriculture Management Extension and Training Institute (SAMETI); National Horticulture Mission (NHM); Organic Farming Authority of Jharkhand (OFAJ); Jharkhand Agriculture Machinery Testing and Training Centre (JAMTTC) and Jharkhand Agriculture and Soil Management Institute (JASMIN), it was noticed that an amount of ₹ 925.86 crore was parked in Personal Ledger (PL) Accounts (8448-Deposit of Local fund), as of 31 March 2023, as shown in **Table 3.18**.

**Table 3.18: Non-utilisation and parking of funds in PL Accounts**

Sl. No.	Name of Agencies/Offices	Amount parked as on 31.03.23 (₹ in crore)
1	SAMETI, Ranchi	713.95
2	NHM, Ranchi	104.60
3	OFAJ, Ranchi	16.02
4	JAMTTC, Ranchi	81.53
5	JASMIN, Ranchi	9.76
<b>Total</b>		<b>925.86</b>

Further, in 12 test-checked schemes, it was noticed that no money had been spent during FY 2022-23, as shown in **Table 3.19**.

**Table 3.19: Non-utilisation of funds under test-checked schemes**

(₹ in crore)					
Sl. No.	Name of schemes	Balances as on 01.04.22	Fund transferred during FY 2022-23	Expenditure during FY 2022-23	Balance as on 31.03.23
1	Mission for Integrated Development of Horticulture (MIDH)	20.58 (C) 11.64 (S)	0.00 0.00	0.00 0.00	20.58 (C) 11.64 (S)
2	Development of Post-Harvest and Preservation Infrastructure	11.00	0.00	0.00	11.00
3	Jharkhand State Horticulture Promotion Society	5.00	0.00	0.00	5.00
4	Urban Farming	2.00	0.00	0.00	2.00
5	Global Agriculture and Food Summit	1.76	0.00	0.00	1.76
6	Rashtriya Krishi Vikas Yojana (RKVY)	6.64	0.00	0.00	6.64
7	Krishak Pathshala	0.00	30.00	0.00	30.00
8	Agri-Smart Village	0.00	10.00	0.00	10.00
9	Installation of Rain Measuring Devices	0.00	47.90	0.00	47.90
10	Soil Conservation	0.00	390.60	0.00	390.60
11	Agriculture Mechanisation	0.00	18.52	0.00	18.52
12	Godhan Nyay Yojana	0.00	1.00	0.00	1.00
<b>Total</b>		<b>58.62</b>	<b>498.02</b>	<b>0.00</b>	<b>556.64</b>

- **Amount drawn from PL Accounts deposited into Saving Bank Accounts**

During test-check of records of the Organic Farming Authority of Jharkhand (OFAJ), it was noticed that, during the year FY 2022-23, an amount of ₹ 16.50 crore was drawn from PL Account in the Treasury (RNC/ACH/101) for payment of work component/scheme of Certification of Organic Farming. However, the same was not utilised and had been deposited into the savings bank account of the OFAJ (496610210000384 Bank of India, Ranchi).

- **Funds transferred on the last day of the financial year into PL Account**

During scrutiny of records, it was noticed that the Directorate of Horticulture had drawn ₹ 21.74 crore on the last day of FY 2022-23 and transferred it to the PL Accounts of the Organic Farming Authority of Jharkhand (OFAJ) and National Horticulture Mission (NHM).

Similarly, ₹ 135.52 crore was drawn on the last day of financial year 2022-23, by the Directorate, Soil Conservation, and transferred to the PL Accounts of SAMETI and Jharkhand Agricultural Machinery Testing and Training Centre (JAMTTC), as shown in **Table 3.20**.

**Table 3.20: Amount drawn and deposited in Public Ledger Accounts**

(₹ in crore)

Sl. No.	Bill no.	Transfer to	Transferred amount
<b>Directorate of Horticulture, GoJ, Ranchi</b>			
1	100/22-23	OFAJ	0.60
2	101/22-23	OFAJ	0.30
3	102/22-23	OFAJ	0.10
4	103/22-23	NHM	0.44
5	104/22-23	NHM	8.07
6	105/22-23	NHM	0.20
7	109/22-23	NHM	10.11
8	110/22-23	NHM	1.54
9	111/22-23	NHM	0.38
<b>Total</b>			<b>21.74</b>
<b>Directorate of Soil Conservation, GoJ, Ranchi</b>			
1	101/22-23	SAMETI	4.44
2	102/22-23	SAMETI	11.75
3	103/22-23	SAMETI	2.34
4	104/22-23	SAMETI	75.22
5	105/22-23	SAMETI	25.75
6	106/22-23	SAMETI	14.67
7	107/22-23	JAMTTC	0.95
8	108/22-23	JAMTTC	0.40
<b>Total</b>			<b>135.52</b>
<b>Grand Total</b>			<b>157.26</b>

Withdrawal of funds from the Consolidated Fund, on the last day of the financial year, and their transfer to PL Accounts, was against the norms of financial propriety.

- **Amount drawn from Single Nodal Accounts and deposited to Saving Bank Accounts**

During test-check of records of the Organic Farming Authority of Jharkhand (OFAJ), it was noticed that, during FY 2022-23, ₹ nine crore



was drawn from SNA (Paramparagat Krishi Vikas Yojana) at SBI, Ranchi (A/c no 40402965556) for payment. The amount, however, remained unutilised and was deposited into the savings bank account of the OFAJ (496610210000383) in the Bank of India, Ranchi. Parking of funds outside SNA, not only violates the government's instructions for expenditure on schemes, but also entails the risk of misutilisation of government money.

### 3.5.16 Other findings

#### *Major changes in expenditure in comparison to the previous year*

During review of the Dashboard on Finance and Appropriation Accounts, it was noticed that the expenditure on schemes of economic importance in the Department (Agriculture Division) had decreased significantly during FY 2022-23, in comparison to the FY 2021-22, as shown in **Table 3.21**.

**Table 3.21: Comparative statement of expenditure**

(₹ in crore)

Major Head	Minor Head	Minor Head Details	Expenditure in 2022-23	Expenditure in 2021-22	Change (per cent)
2401	102	Food grain Crops	322.75	500.58	-35.5
	104	Agricultural Farms	9.00	18.30	-50.8
	105	Manures and Fertilisers	0.85	4.28	-80.0
	108	Commercial Crops	1.33	55.05	-97.6
	115	Scheme of Small/Marginal farmers and agricultural labour	0.60	18.26	-96.7
	119	Horticulture and Vegetable Crops	5.78	32.72	-82.3
	789	Special Component Plan for Scheduled Castes	140.36	203.83	-31.1
	796	Tribal Area Sub-Plan	284.46	1,242.06	-77.1
2402	102	Soil Conservation	11.71	54.71	-78.6
	789	Special Component Plan for Scheduled Castes	0.00	14.89	-100.0
	796	Tribal Area Sub-Plan	0.00	89.22	-100.0
2435	102	Grading and quality control facilities	2.12	4.32	-51.0
	789	Special Component Plan for Scheduled Castes	0.09	0.37	-76.2
	796	Tribal Area Sub-Plan	0.54	3.14	-82.7
4402	203	Land Reclamation and Development	0.00	60.61	-100.0
<b>Total</b>			<b>779.58</b>	<b>2,302.34</b>	<b>-66.1</b>

## 3.6 Audit of Budgetary provision of Grant No. 36-Drinking Water and Sanitation Department

### 3.6.1 Introduction

The first priority of the Drinking Water and Sanitation Department (DW&SD) is to provide access to safe drinking water and sanitation in the State. Not all habitations in the State have safe drinking water, as the sources contain Fluoride, Arsenic & Iron. Only 30 per cent of habitations have partial facility of drinking water. Rural sanitation coverage is also very low in the State, despite the fact that 76 per cent of the population of Jharkhand lives in the villages. Programmes, such as Jal Jeevan Mission, Swachh Bharat Mission (Gramin) etc., were launched with the objective of

providing the rural population across the State with safe drinking water and sanitation related services.

During FY 2022-23, the total budget provision of the Department was ₹ 4,087.72 crore, as detailed in **Table 3.22**, along with its utilisation.

**Table 3.22: Details of budget provision, expenditure and savings during FY 2022-23**

(₹ in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	3,472.03	582.37	4,054.40
Supplementary Grant	31.01	2.31	33.32
<b>Total Grant</b>	<b>3,503.04</b>	<b>584.68</b>	<b>4,087.72</b>
Expenditure	1,840.08	300.30	2,140.38
Saving	1,662.96	284.38	1,947.34
Surrender	1,635.50	234.00	1,869.50

Source: Appropriation Accounts FY 2022-23.

### 3.6.2 Scope of Audit

The Departmental Secretariat and 15 units<sup>6</sup> of the Department, in eight<sup>7</sup> districts, were selected for audit of the budgetary process.

#### Audit findings

### 3.6.3 Persistent Savings

During examination of trends of budget and expenditure of the Department during the last four year (FYs 2019-20 to 2022-23), it was noticed that the Department had persistent savings, in comparison to the budget estimates during the period, as detailed in **Table 3.23**.

**Table 3.23: Trend of savings during the last four years in DW&SD**

(₹ in crore)

Years	Heads	Original	Supplementary	Total	Expenditure	Saving	Percentage of savings
2019-20	Revenue	1,789.76	50.30	1,840.06	641.45	1,198.61	54.45
	Capital	750.00	1.00	751.00	538.73	212.27	
	<b>Total</b>	<b>2,539.76</b>	<b>51.3</b>	<b>2,591.06</b>	<b>1,180.18</b>	<b>1,410.88</b>	
2020-21	Revenue	2,376.57	16.54	2,393.11	840.57	1,552.54	58.82
	Capital	712.48	0.00	712.48	438.30	274.18	
	<b>Total</b>	<b>3,089.05</b>	<b>16.54</b>	<b>3,105.59</b>	<b>1,278.87</b>	<b>1,826.72</b>	
2021-22	Revenue	2,625.19	0.49	2,625.68	715.93	1,909.75	63.80
	Capital	746.97	0.00	746.97	505.11	241.86	
	<b>Total</b>	<b>3,372.16</b>	<b>0.49</b>	<b>3,372.65</b>	<b>1,221.04</b>	<b>2,151.61</b>	
2022-23	Revenue	582.37	2.31	584.68	300.30	284.38	45.73
	Capital	3,472.03	31.01	3,503.04	1840.08	1,662.96	
	<b>Total</b>	<b>4,054.40</b>	<b>33.32</b>	<b>4,087.72</b>	<b>2,140.38</b>	<b>1,947.34</b>	

Source: Appropriation Accounts for FYs 2019-20 to 2022-23

During the period, savings in the Department ranged between 45.73 per cent and 63.80 per cent, which was not only indicative of preparation of budget without obtaining the actual requirements from the district units, but also showed the inability of the Department in utilising the available funds. Non-utilisation of funds also resulted in non-completion of State schemes included in the budget for the year.

<sup>6</sup> Executive Engineer, Drinking Water and Sanitation Division.

<sup>7</sup> (i) Ranchi (DW&SD, Ranchi East & Ranchi West) (ii) Chaibasa (DW&SD, Chaibasa & Chakradharpur) (iii) Saraikela-Kharsawan (DW&SD, Saraikela-Kharsawan & Adityapur) (iv) Dhanbad (DW&SD, Dhanbad-1 & Dhanbad-2) (v) Giridih (DW&SD, Giridih-1 & Giridih-2) (vi) Dumka (DW&SD, Dumka-1 & Dumka-2) (vii) Deoghar (DW&SD, Deoghar & Madhupur) (viii) Sahibganj (DW&SD, Sahibganj)

### 3.6.4 Capital locked in incomplete projects

Assessment of trends in capital blocked on incomplete capital works indicate quality of capital expenditure. Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra burden in terms of servicing of debt and interest liabilities. The profile of incomplete projects, in the Department, are shown in **Table 3.24** and detailed in **Appendix 3.16**.

**Table 3.24: Profile of incomplete projects as on 31 March 2023**

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Expenditure	Revised estimates	
				No. of project	Amount of escalation
Drinking Water and Sanitation	15	400.67	265.92	1	3.53

Source: Finance Accounts

Scrutiny revealed that ₹ 265.92 crore was spent on 15 incomplete projects against the estimated cost of ₹ 400.67 crore, as of September 2023. Further, escalation of ₹ 3.53 crore was given for a project with estimated cost of ₹ 14.96 crore, due to non-completion of that project on time.

### 3.6.5 Impact of Single Nodal Account

For more effective cash management and bringing more efficiency in public expenditure management, GoI decided (July 2021) that all State Governments and Ministries of GoI would designate a Single Nodal Account (SNA) for implementing each Centrally Sponsored Scheme (CSS). The SNAs were to be opened for each of the CSSs, at the State level, in Scheduled Commercial Banks, authorised to conduct government business by the State Government.

Verification of records of the Drinking Water and Sanitation Department revealed that two separate SNAs had been opened by the Department for the Jal Jeevan Mission and the Swachh Bharat Mission (Rural), in the Bank of India, Jharkhand High Court Branch, Doranda and HDFC, Ranchi Club Complex Branch, respectively.

#### (i) Less provision by the State

The Central provision for Swachh Bharat Mission (Rural), Jharkhand, in FY 2022-23, was ₹ 300 crore (60 *per cent*). Accordingly, the State had to make provision of ₹ 200 crore (40 *per cent*) as matching share. However, only ₹ 50 crore was provided by the State, leading to non-release of the Central share. Details of less provision by the State, are given in **Table 3.25**.

**Table 3.25: Detail of less provision by the State**

(₹ in crore)

Sl. No.	Financial Year	Head	Central provision (60 per cent)	State provision	Relative State share (40 per cent)	Less State provision
1	2022-23	TSP	69.00	11.50	46.00	34.50
		OSP	180.00	30.00	120.00	90.00
		SCSP	51.00	8.50	34.00	25.50
		<b>Total</b>	<b>300.00</b>	<b>50.00</b>	<b>200.00</b>	<b>150.00</b>

**(ii) Non-transfer of interest on Central share**

During audit, it was noticed that the interest on Central share deposited in the bank, for FYs 2020-21 and 2022-23, had neither been calculated, nor had it been deposited, by the Department, in the Consolidated Fund of India.

**3.6.6 Budget Estimates prepared without obtaining requirements from district units**

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

During audit, it was noticed that the provisions of the BM had not been followed and the budget estimates for the General Budget (State, Central and Centrally Sponsored Schemes) had been prepared at the Department's level, without obtaining/assessing the actual requirements from the DOs, who are finally responsible for executing various works and utilising the funds. The large savings of ₹ 1,947.34 crore (45.73 per cent), out of the total budget provision of ₹ 4,087.72 crore, during FY 2022-23, can be attributed to the preparation of budget estimates without obtaining requirement from DOs.

**3.6.7 Non-utilisation of the entire budget provision**

Scrutiny of records revealed that budget provision of ₹ 1,580.50 crore under six sub-heads, made by the Department for FY 2022-23, had not been utilised and the entire provision had been surrendered, as shown in **Table 3.26**.

**Table 3.26: Surrender of entire budget provision**

(₹ in crore)

Sl. No.	Head	Budget provision	Amount surrendered
1.	2215-02-107-16- Performance Incentive grant against Swachh Bharat Mission (Gramin)	0.60	0.60
2.	2215-02-789-16- Performance Incentive grant against Swachh Bharat mission (Gramin)	0.17	0.17
3.	2215-02-796-16- Performance Incentive grant against Swachh Bharat mission (Gramin)	0.23	0.23
4.	4215-01-102-10- Special Integrated Scheme	801.12	801.12
5.	4215-01-789-10- Special Integrated Scheme	274.36	274.36
6.	4215-01-796-10- Special Integrated Scheme for Scheduled Castes	504.02	504.02
<b>Total</b>		<b>1,580.50</b>	<b>1,580.50</b>

### 3.6.8 Surrender of funds on the last day of the financial year

It was observed that, against the budget provision of ₹ 4,087.72 crore (₹ 584.68 crore under the revenue head and ₹ 3,503.04 crore under the capital head), ₹ 1,869.50 crore (₹ 234.00 crore under the revenue head and ₹ 1,635.50 crore under the capital head), had been surrendered on the last day of the financial year by the Department.

### 3.6.9 Rush of expenditure

Out of the total expenditure of ₹ 1,799.83 crore, in FY 2022-23, ₹ 573.81 crore (32 *per cent*) had been spent in the month of March 2023, in the test-checked districts. Further, in the test-checked divisions/DDOs, the expenditure had ranged between eight and 83 *per cent*, in the month of March, in contravention of the financial rules, as detailed in **Appendix 3.17**.

### 3.6.10 Non-reconciliation of departmental expenditure figures

During FY 2022-23, out of the total expenditure of ₹ 2,140.38 crore, expenditure of only ₹ 2.97 crore had been reconciled by the Controlling Officer of the Department, with the books of the Principal Accountant General, as shown in **Table 3.27**.

**Table 3.27: Details of non-reconciliation of departmental expenditure**

(₹ in crore)				
Sl. No.	Major Heads	Total Expenditure (As per Appropriation Accounts)	Reconciled amount	Non-reconciled amount
1	2215	300.30	2.97	297.33
2	4215	1,840.08	0.00	1,840.08
<b>Total</b>		<b>2,140.38</b>	<b>2.97</b>	<b>2,137.41</b>

### 3.6.11 Non-utilisation of funds allocated under various schemes

A review of the Appropriation Accounts revealed that savings ranging from 10 *per cent* to 100 *per cent* of the budget provision had occurred in several of the schemes intended to provide supply water and carrying out various sanitation campaigns, as detailed in **Appendix 3.18**.

### 3.6.12 Failure to achieve the target of toilet construction

Construction of 1,52,000 toilets was targeted by the Drinking Water and Sanitation Department, Government of Jharkhand, during FY 2022-23, under the Swachh Bharat Mission (Rural), for eligible beneficiaries/families whose names had been left out during the baseline survey or had been deprived of the benefit of toilets.

During audit, it was observed that only 14,742 toilets were constructed by the Department, in FY 2022-23, which was only 9.70 *per cent* of the target set for FY 2022-23.

Similarly, test-check of selected divisions revealed that progress of the work had ranged from zero *per cent* to 79.71 *per cent* against the target, as detailed in **Appendix 3.19**.

### 3.6.13 Unutilised amount not surrendered

Scrutiny revealed that, out of the savings of ₹ 1,662.96 crore under the capital section, ₹ 1,635.50 crore had been surrendered, while the

remaining amount of ₹ 27.46 crore had lapsed at the end of the financial year. Similarly, under the revenue section, out of the savings of ₹ 284.38 crore, only ₹ 234.00 crore had been surrendered and ₹ 50.38 crore had lapsed at the end of the financial year. Non-surrender of anticipated savings (₹ 77.84 crore) on time was against Rule 112 of the Budget Manual.

### **3.6.14 Submission of incorrect certificate to the Directorate**

Under SBM (G), after the formation of the Village Water and Sanitation Committee (VWSC), a savings account was opened in the local bank, with the aim of implementing various sanitation works at the village level. As per the instructions (February 2023) of the Department, the work was to be executed through the SNA and all the accounts of VWSCs, opened earlier, were to be closed as soon as possible.

Before closure, it was to be ensured that the accounts of VWSCs had been updated considering the amount transferred to works and the interest accrued thereon. After updation, the proceeds were to be transferred and deposited in the bank accounts maintained at the district level and utilised before 31 March 2023.

During audit, it was noticed that certificate of closure/conversion of the bank accounts of the VWSCs, to zero balance accounts, was given by the Executive Engineer, Drinking Water and Sanitation Division, Dhanbad-1 (04.03.2023) and Adityapur (09.03.2023), to the Directorate, DW&SD. However, instances of money being transferred from the closed/zero balance accounts of the VWSCs, to the District Office, and from the accounts of the District Offices, to the accounts, certified to have been closed, were noticed even after the date of submission of certificate by the EE.

Further, ₹ 9.88 lakh was transferred (29.03.23) to the bank accounts of two<sup>8</sup> VWSCs, by the Executive Engineer, Drinking Water and Sanitation Division, Dhanbad-1.

Thus, the certificates submitted by the Executive Engineers, to the Directorate, were incorrect and misleading.

### **3.7 Conclusion**

During FY 2022-23, out of the total savings of ₹ 24,634.20 crore, savings of ₹ 16,719.36 crore has occurred under 10 grants, the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings, ranging from ₹ 10,231.12 crore to ₹ 14,762.53 crore, during the previous four years.

Supplementary provisions, aggregating ₹ 6,221.83 crore (37.67 per cent), in 43 cases (₹ 0.50 crore or more in each case), during the year, had proved unnecessary, as the expenditure had not come up even to the level of the original provisions.

<sup>8</sup> Banda West and Bandar Chuwi

Excess disbursement over grant/appropriation, amounting to ₹ 3,762.49 crore, relating to 11 grants, pertaining FYs 2001-02 to 2021-22, was yet to be regularised by the State Legislature. Further, excess expenditure of ₹ 15.92 crore had been incurred in one appropriation (14- Repayment of Loans), during FY 2022-23.

Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division) and Drinking Water and Sanitation Department, did not follow the provisions of the budget manual, leading to lack of budgetary control in the Department, resulting in large savings; rush of expenditure at the end of the financial year; non-reconciliation of accounts; and non-submission of DC bills and UCs.

### 3.8 Recommendations

- *State Government may put in place mechanisms to ensure the accuracy of budgetary assumptions, as well as an efficient control mechanism to curtail non-utilisation of allocated funds.*
- *State Government may ensure that expenditure does not exceed the amount authorised by the Legislature. Steps may be taken to regularise the excess expenditure of previous years.*
- *The Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division) and Drinking Water and Sanitation Department may institute appropriate mechanisms, to enforce proper implementation and monitoring of the budget, in order to curtail instances of non-utilisation of allocated funds and ensure that anticipated savings are identified and surrendered within the specified timeframe.*

