

CHAPTER–II

Planning and Financial Management

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There was no comprehensive planning in the State for upgradation of roads under CRF, however, annual plan was prepared since 2022-23. No periodical traffic survey was conducted to identify upgradation requirements. The proposals under CRF were got sanctioned by the GoUP in an *ad hoc* manner without proper identification and prioritisation of roads based on requirement. The Department utilised only 35 *per cent* of allotted budget for execution of works sanctioned under CRF during 2016-17 to 2022-23. There was difference in the expenditure recorded in the books of accounts and that reported to GoI in utilisation certificates.

Planning

2.1 To provide adequate road infrastructure in the State, it was desirable that the Department should prepare long, medium and short term plans to achieve the goals and prioritise the road works for execution in a systematic manner.

Scrutiny of records revealed that there was absence of systematic and comprehensive planning for construction and upgradation of roads. The Department did not prepare any long, medium or short-term plans nor was any core network¹ developed to comprehensively identify road connectivity and upgradation requirements during 2016-17 to 2021-22. The Department accepted the audit observation and stated that since 2022-23, annual plan is being prepared in compliance to the directions of GoUP.

Identification and prioritisation of works not based on periodical traffic survey

2.1.1 Rule 5 of the Central Road Fund (State Roads) Rules, 2014 (CRF Rules, 2014), prescribes the procedure for identification and prioritisation of roads. As State/UT-wise allocation/accrual of funds under CRF for road works is known at the beginning of the financial year², a comprehensive road plan can be drawn.

Further, Rule 5 also envisages that the executing agencies shall observe the laid down criteria and furnish necessary details of the projects, schemes or activities as specified under these rules, to the Central Government to facilitate identification and prioritisation of the schemes.

Audit observed that with the help of National Informatic Centre (NIC), the Department developed a Geographical Information System (GIS) based Road Information System (*Srishti*³) for collection of inventory, condition, traffic data and events of roads, *etc.* The information of *Srishti* portal was to be used for extraction of data for analysis and design purposes.

Audit further observed that *Srishti* portal could not be used for identification of roads by evaluating requirements based on traffic load for widening or/and strengthening of the roads as this database was merely a collection of name, length, width, crust and classification of roads, year and month of

¹ The network comprising of selected SH and MDRs in a State, which has the potential to be upgraded as NH. Rule 5 of CRF Rules, 2014 states that priority shall be given to take up projects under CRF from the Core Network.

² MoRTH, GoI allocates State/UT-wise funds under CRF at the beginning of the financial year.

³ Data entry/update on this portal commenced from the year 2013.

construction/ upgradation/ renewal. Process of entering traffic data in database was not started (October 2023) by the divisional officers, further, the other data fields pertaining to roads e.g. crust thickness, width of carriageway and year of construction/renewal available in this database were not updated regularly.

It was also observed that no periodical traffic survey was conducted by the divisional officers, as envisaged in IRC: 9-1972, due to which identification and prioritisation of roads for upgradation could not be carried out properly. The proposals received from public representatives were consolidated and proposed by the Department for consideration under CRF instead of selecting the works based on prioritisation.

Thus, the Department did not have complete and updated database of roads to facilitate systematic and objective planning for upgradation of works to be undertaken. Hence, the entire process of submission of proposals by divisional officers was performed in absence of proper planning procedure.

In reply, the Government stated (October 2023) that presently works are being sanctioned as per availability of funds after approval of action plan by the competent authority and assured that action will be taken for preparation of five-year plan. Regarding data updation on *Srishti* portal, it was stated that the process of updating data is being done continuously.

Recommendation 1:

Data updation on Srishti portal should be ensured to facilitate proper identification and prioritisation of roads for upgradation.

Selection of Road without ensuring encumbrance free land

2.1.2 Rule 6 (2) of CRF Rules 2014 *inter alia* provides that the proposals shall include only those works where land is available without any encumbrance. Audit however, noticed violation of the Rule in following cases:

- Proposal for widening and strengthening of *Varanasi-Shaktinagar Marg* amounting to ₹ 121.59 crore was got sanctioned (May 2018) without ensuring availability of encumbrance free land. This resulted in delay in completion of work by more than two years from scheduled date.
- Widening and strengthening of “*Manikpur to Dharkundi Ashram via Kalyanpur*” road in district Chitrakoot was sanctioned (May 2018) for ₹ 40.37 crore. Departmental officers did not ensure the availability of encumbrance free land before sending the proposal as forest clearance was not granted by the Forest Department. This resulted in reduction in width of road during execution by 1.54 metres in a stretch of four km against original technical sanction of 5.5 metres.
- In district Kanpur, work of widening and strengthening of ‘*Gumti no-9 to NH-2 via Gyanprakash Road and Dadanagar Crossing Marg*’ was sanctioned (December 2017) for ₹ 38 crore. Departmental officers did not ensure the availability of encumbrance free land before sending the proposal as no objection certificate from Indian Oil Corporation Limited (IOCL) was not ensured which resulted in delay in completion of work by more than four years from its schedule date of completion.

In reply, the Government accepted (October 2023) the fact that the land was not completely available at the time of submitting proposals and stated that at present all the required land has been acquired and the works have been completed and the roads are accessible for traffic. The Government also assured that, in future, road work will be carried out only after ensuring the availability of land.

Recommendation 2:

The Government should submit proposals under CRF after ensuring availability of encumbrance free land.

Financial Management

2.2 Financial management involves efficient and effective use of financial resources to achieve the objectives of an organisation. It involves ensuring timely availability of funds to fulfil contractual commitments, optimising cost, allocating resources in a fair and transparent manner and proper record keeping.

The lapses in financial management of CRF on the part of the Department have been discussed in succeeding paragraphs:

Budget Provision in excess of requirement

2.2.1 As discussed in **Paragraph 1.2**, after approval of work proposals under CRF by GoI, financial sanction and execution of works are done by the State Governments through provision in the State budget and thereafter utilisation certificates are sent to GoI for reimbursement of expenditure from CRF.

During 2016-17 to 2022-23, an expenditure of ₹ 7,257.86 crore was incurred by the Department on works of widening and strengthening of roads under CRF. Position of budget allocation and expenditure during this period was as given in **Table 2.1** below:

Table 2.1: Budget provision and expenditure reported to GoI under CRF

(₹ in crore)

Year	Funds Provisioned by GoUP			Sanctions issued by GoUP	Expenditure as reported to GoI	Savings against funds provisioned (per cent)
	Budget provision	Reappropriation	Total			
(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6)	(7) = (4)-(6)
2016-17	20.00	477.00	497.00	1,630.90	459.00	38.00 (08)
2017-18	8,000.00	00.00	8,000.00	3,034.71	2,377.76	5,622.24 (70)
2018-19	2,200.00	257.00	2,457.00	1,332.53	2,451.53	5.47 (0.22)
2019-20	2,010.00	00.00	2,010.00	0.00	1,251.63	758.37 (38)
2020-21	2,080.00	00.00	2,080.00	0.00	236.88	1,843.12 (89)
2021-22	2,836.00	00.00	2,836.00	493.95	166.22	2,669.78 (94)
2022-23	2,850.00	00.00	2,850.00	0.00	314.84	2,535.16 (89)
Total	19,996.00	734.00	20,730.00	6,492.09	7,257.86	13,472.14 (65)

Source: Sanction orders, budget documents and information provided by the Department

It is evident from above table that for execution of works costing ₹ 6,492.09 crore, GoUP provisioned ₹ 20,730 crore (319 per cent) during 2016-17 to 2022-23. Audit observed that no new work was proposed during 2018-19 to 2022-23 and only 23 works costing only ₹ 493.95 crore approved by GoI in March 2018⁴, were revalidated during 2021-22.

⁴ Sanction of these works by GoI had lapsed due to non-issuance of financial sanction by GoUP within four months of approval by GoI.

Further, the budget provision during 2020-21 to 2022-23 was ₹ 7,766 crore whereas actual expenditure incurred by the Department amounted to ₹ 717.94 crore only substantiating the fact that the budget provision was significantly more than actual requirement during these years.

In reply, the Government stated (October 2023) that the reason behind incurring less expenditure than the budget provision was that the cost of works approved by GoI was less than the amount provisioned in budget by GoUP. During Exit Conference (October 2023) it was assured by the Department to provide more realistic budget proposals in future.

Reply regarding less works approved is not acceptable as GoI had approved 389 works costing ₹ 9,977.38 crore in the year 2017-18 but the Department had incurred an expenditure of only ₹ 2,377.76 crore despite the budget provision of ₹ 8,000 crore in that year. Further, during the years 2018-19 to 2022-23, GoUP itself had not proposed any works for approval under CRF to GoI, rather sanction of 195 works earlier approved by GoI in 2017-18 had lapsed due to not granting of financial sanction by GoUP.

Incorrect reporting of expenditure to GoI

2.2.2 Rule 8 (1) (b) of CRF Rules envisages that the executive agency should submit the Utilisation Certificate (UC) duly verified by the regional officer appointed by the Central Government for the State or the Union territory, for the amount released, duly considering observation report, if any, from the person appointed under the quality monitoring system.

UCs submitted by the State to the MoRTH were to be based on actual expenditure incurred *i.e.*, expenditure reported by the divisions and accounted in the book of accounts. However, scrutiny of records pertaining to CRF works in test checked divisions revealed that UCs submitted by eight divisions for expenditure incurred during audit period for execution of 19 works were not based on expenditure accounted in the book of accounts of the divisions as detailed in **Appendix-2.1**.

The Government accepted (October 2023) the audit observation and assured that divisions whose figures differ, are being directed to issue revised utilisation certificates.

Conclusion

In absence of comprehensive plans for construction and upgradation of roads, criteria for identification and prioritisation of roads for upgradation under CRF was not followed by the Department. Neither periodical traffic surveys were conducted nor was traffic data uploaded on *Srishti* portal to assess actual need of upgradation of roads. Roads were sanctioned under CRF without ensuring encumbrance free land.

The Department utilised only 35 per cent of allotted budget for execution of works sanctioned under CRF during 2016-17 to 2022-23. There was difference in the expenditure recorded in the books of accounts and that reported to GoI in utilisation certificates.