
Chapter-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

Audit of Appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given in the Appropriation Act and if the expenditure is required to be charged under the provisions of the Constitution, it is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations, and instructions.

Audit observed large savings in several grants during 2018-19, indicating deficiencies in budget management as discussed in the succeeding paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 60 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-a-vis Original/Supplementary Grants for the year 2018-19

(₹ in crore)

	Nature of Expenditure	Total Grant/ Appropriation	¹ Actual Expenditure	Saving (-)/ Excess (+)	Amount Surrendered	Amount Surrendered only in March 2019	Percentage of Savings surrendered in March (Col 6/Col 5)
	(1)	(2)	(3)	(4) = (2-3)	(5)	(6)	(7)
Voted	(I) Revenue	61,298.30	45,710.74	(-)15,587.56	14,113.34	14,113.34	100.00
	(II) Capital	13,326.18	10,711.71	(-)2,614.47	2,925.94	2,925.94	100.00
	(III) Loans and Advances and Inter State Settlement	2,011.13	1,485.59	(-)525.54	0.00	0.00	0.00
Total Voted		76,635.61	57,908.04	(-)18,727.57	17,039.28	17,039.28	100.00
Charged	(IV) Revenue	6,012.65	4,961.94	(-)1,050.71	255.94	255.94	100.00
	(V) Capital	0.00	0.00	0.00	0.00	0.00	0.00
	(VI) Public Debt-Repayment	3,505.56	3,060.10	(-)445.46	403.59	403.59	100.00
Total Charged		9,518.21	8,022.04	(-)1,496.17	659.53	659.53	100.00
Grand Total		86,153.82	65,930.08	(-)20,223.74	17,698.81	17,698.81	100.00

Source: Appropriation Accounts of the Government of Jharkhand for the year 2018-19

During 2018-19, the total savings of ₹ 20,223.74 crore (23.47 per cent of the total budget) was the result of savings of ₹ 16,638.27 crore in 54 voted grants and six appropriations under the Revenue Section and ₹ 3,585.47 crore in 37 grants and one appropriation under the Capital Section.

It was noticed that against the total savings of ₹ 20,223.74 crore during the year, ₹ 17,698.81 crore (87.52 per cent) was surrendered in the month of March 2019 leaving the Finance Department virtually no time to utilise the funds for other development purposes.

¹ The expenditure figures are in gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹ 41.95 crore). Further, expenditure in respective heads was overstated to the extent of ₹ 514.74 crore drawn through AC bills during 2018-19 against which DC bills were not submitted as on 31 October 2019.

Further, it was noticed that reasons for savings/excess were furnished in respect of only 400 out of 1,598 sub-heads captured in the Appropriation Accounts of the Government of Jharkhand 2018-19, whereas reasons for savings in 1,179 sub-heads and reasons for excesses in 19 sub-heads were not furnished by the departments.

Recommendation: *The Finance Department should monitor trend of expenditure by Departmental Controlling Officers so that funds are not retained unnecessarily and are surrendered at the earliest. Monthly Civil Accounts and Monthly Appropriation Accounts sent by the Principal Accountant General (A&E) may be utilised by the Finance Department to ensure better financial management.*

2.3 Financial Accountability and Budget Management

2.3.1 Appropriations against allocative priorities

Out of total savings of ₹ 20,223.74 crore, savings of ₹ 15,941.25 crore (79 per cent) occurred in 29 cases relating to 27 grants as indicated in **Table 2.2**. In these cases, savings exceeded ₹ 100 crore and was 20 per cent or more of the grant.

Table 2.2: List of Grants with savings of ₹ 100 crore and above and 20 per cent or more of the grant

(₹ in crore)

Sl. No.	Number and name of the Grant/Appropriation	Total Grant	Actual expenditure	Savings	Percentage of Savings to Total Grant
Revenue-Voted					
1	42-Rural Development Department (Rural Development Division)	6,273.10	4,188.42	2,084.68	33.23
2	59-School Education and Literacy Department (Primary and Adult Education Division)	7,192.62	5,420.89	1,771.73	24.63
3	10-Energy Department	4,206.48	2,742.11	1,464.37	34.81
4	48-Urban Development and Housing Department (Urban Development Division)	3,204.22	1,921.00	1,283.22	40.05
5	60-Women, Child Development and Social Security Department	3,560.16	2,582.92	977.24	27.45
6	56-Rural Development Department (Panchayati Raj Division)	1,743.93	872.87	871.06	49.95
7	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	1,601.21	753.42	847.79	52.95
8	58-School Education and Literacy Department (Secondary Education Division)	1,681.45	965.17	716.28	42.60
9	51-Welfare Department (Welfare Division)	1,769.91	1,151.36	618.55	34.95
10	36-Drinking Water and Sanitation Department	1,820.13	1,365.18	454.95	25.00
11	39-Home, Jail and Disaster Management Department (Disaster Management Division)	908.14	470.33	437.81	48.21
12	18-Food, Public Distribution and Consumer Affairs Department	1,375.70	1,027.00	348.70	25.35
13	21-Higher and Technical Education Department (Higher Education Division)	1,246.70	902.26	344.44	27.63
14	35-Planning-cum-Finance Department (Planning Division)	886.46	559.87	326.59	36.84
15	19-Forest, Environment and Climate Change Department	770.39	525.07	245.32	31.84
16	2-Agriculture, Animal Husbandry and Co-operative Department (Animal Husbandry Division)	389.13	170.98	218.15	56.06
17	41-Road Construction Department	459.92	255.28	204.64	44.49
18	54-Agriculture, Animal Husbandry and Co-operative Department (Dairy Division)	319.44	143.00	176.44	55.24
19	43-Higher and Technical Education Department (Science and Technology Division)	534.11	363.67	170.44	31.91

20	23-Industries Department	458.94	308.09	150.85	32.87
21	40-Revenue, Land Reforms and Registration Department (Revenue and Land Reforms Division)	603.53	482.24	121.29	20.10
Capital-Voted					
22	49-Water Resources Department	1,897.65	1,164.50	733.15	38.63
23	10-Energy Department	1,890.41	1,413.09	477.32	25.25
24	50-Water Resources Department (Minor Irrigation Division)	533.90	311.96	221.94	41.57
25	20-Health, Medical Education and Family Welfare Department	468.77	273.39	195.38	41.68
26	3-Building Construction Department	548.17	403.65	144.52	26.36
27	36-Drinking Water and Sanitation Department	519.10	400.13	118.97	22.92
28	9-Agriculture, Animal Husbandry and Co-operative Department (Co-operative Division)	175.00	65.60	109.40	62.51
29	8-Transport Department (Civil Aviation Division)	119.00	12.97	106.03	89.10
Total Voted		47,157.67	31,216.42	15,941.25	33.80

Source: Appropriation Accounts of the Government of Jharkhand for the year 2018-19

There were significant variations between the total grant or appropriation and expenditure incurred during 2018-19 leading to savings of ₹ 6,504.19 crore under five grants (1-Agriculture, Animal Husbandry and Co-operative, 42-Rural Development, 51-Welfare, 59-School Education and Literacy and 60-Women, Child Development and Social Security), the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings of at least ₹ 4,853.98 crore during each of the last four years.

Major instances of non-utilisation of budget allocation provided for the schemes during 2018-19 are given in **Table 2.3**. The unutilised amount was surrendered without giving any reasons for the same.

Table 2.3: Scheme-wise major instances of savings

(₹ in crore)					
Sl. No.	Department/Grant	Scheme	Budget Allocation	Unutilised and Surrendered	Per cent of allocation
1.	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	Rashtriya Krishi Vikas Yojana	209.60	179.02	85
2.		Distribution of Agriculture Equipment to farmers, women social help group etc	180.00	130.60	73
3.		Pradhan Mantri Krishi Sinchai Yojana (Extension and Farmer's Training Programme)	114.08	77.53	68
4.	2-Agriculture, Animal Husbandry and Co-operative Department (Animal Husbandry Division):	Pig Development/Goat Development/ Broiler Poultry Development /Commercial Layer Bird Development/ Low Input Layer Bird Distribution Schemes	125.55	123.19	98
5.	10-Energy Department	Tariff Subsidy through JBVNL for consumers	2,000.00	1,405.05	70
6.		Rural Electrification	300.00	275.00	92
7.	42-Rural Development Department (Rural Development Division)	Watershed Scheme	133.67	133.67	100
8.		Over All Rural Employment Scheme-National Rural Employment Guarantee Act	1,276.00	570.62	45
9.		Shyama Prasad Mukherjee Rurban Yojana	101.30	89.66	89
10.		Smart City	200.00	200.00	100
11.	48-Urban Development and Housing Department (Urban Development Division)	Grants to Municipal Councils/ Municipalities on Recommendation of 14 th Finance Commission under General Performance Grant	96.50	96.50	100
12.		Urban Renewal Mission-AMRUT	462.59	368.00	80
13.	51-Welfare Department (Welfare Division)	Post Entrance Scholarship	297.05	216.02	73
14.	59-School Education and Literacy Department (Primary and Adult Education Division)	Strengthening of Primary and Middle Schools under Grants-in-aid to Jharkhand Education Project Council (J.E.P.C.)	120.00	120.00	100

Besides the cases detailed above, in 51 cases (37 grants/ appropriations), savings exceeded ₹ 10 crore or more and was 20 per cent or more of the grant in each case as detailed in **Appendix 2.1** with the total savings aggregating to ₹ 17,091.91 crore. Further, in 213 sub-head/schemes under 35 grants/

appropriations, savings of ₹ 20 crore and above in each case aggregated to ₹ 16,904.69 crore (84 per cent of total savings). Details are given in **Appendix 2.2**.

Recommendation: The Finance Department should prepare budget based on actual requirement obtained from the field units and ensure optimum utilisation of the amount allocated.

2.3.2 Anticipated savings not surrendered

As per Rule 112 of the Bihar Budget Manual (as adopted by Jharkhand), spending departments are required to surrender grants/ appropriations or portions thereof to the Finance Department as and when savings are anticipated.

During 2018-19, out of savings of ₹ 10,821.93 crore under 25 grants/ appropriations, ₹ 2,505.80 crore (₹ one crore and above in each case) was not surrendered, as detailed in **Appendix 2.3**. Further, it was observed that during 2018-19, surrender of ₹ 72.34 crore was in excess of the actual savings in eight grants as detailed in **Table 2.4** which indicates that expenditure was made even after submission of surrender letter by the concerned department. Details of 177 cases (₹ 20 crore or more in each case) where savings amounting to ₹ 13,027.97 crore was surrendered in March 2019 are given in **Appendix 2.4**.

Table 2.4: List of Grants indicating Excess Surrender during 2018-19

(₹ in crore)

Sl. No.	Number and Name of Grants	Savings	Surrender	Excess Surrender
1	3-Building Construction Department	144.52	144.57	0.05
2	4-Cabinet Secretariat and Vigilance Department (Cabinet Secretariat and Co-ordination Division)	13.46	13.84	0.38
3	12-Planning-cum-Finance Department (Finance Division)	15.78	20.73	4.95
4	20-Health, Medical Education and Family Welfare Department	771.96	791.74	19.78
5	42-Rural Development Department (Rural Development Division)	2,084.68	2,131.70	47.02
6	52-Tourism, Art, Culture, Sports and Youth Affairs Department (Art, Culture, Sports and Youth Affairs Division)	18.03	18.15	0.12
7	56-Rural Development Department (Panchayati Raj Division)	871.06	871.09	0.03
8	59-School Education and Literacy Department (Primary and Adult Education Division)	1,771.73	1,771.74	0.01
Total		5,691.22	5,763.56	72.34

Recommendation: All anticipated savings should be surrendered on time so that the funds can be utilised for other development purposes.

2.3.3 Persistent savings

In 11 cases (10 departments), there were persistent savings of 10 per cent or more of the total grants, during the last five years (**Table 2.5**).

Table 2.5: List of Grants indicating persistent savings during 2014-19

(₹ in crore)

Sl. No.	Number and name of the Grant	Amount of savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue-Voted						
1	20-Health, Medical Education & Family Welfare Department	967.84(42)	947.27(34)	707.26(27)	981.45(28)	771.96 (20)
2	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	552.00(58)	750.47(56)	526.05(36)	711.47(46)	847.79(53)
3	18-Food, Public Distribution and Consumer Affairs Department	439.49(34)	505.63(39)	394.96(26)	428.72(32)	348.70(25)

4	40-Revenue, Land Reforms and Registration Department (Revenue and Land Reforms Division)	99.80(26)	112.41(26)	161.11(31)	74.20(14)	121.29(20)
5	23-Industries Department	148.57(40)	132.47(31)	153.01(34)	233.69(50)	150.85(33)
6	49-Water Resources Department	87.83(25)	105.11(29)	132.77(33)	70.89(18)	89.64(22)
7	26-Labour, Employment and Skill Development Department	349.95(28)	1,088.29(73)	110.77(39)	108.09(45)	78.56(32)
8	2-Agriculture, Animal Husbandry and Co-operative Department (Animal Husbandry Division)	41.73(25)	37.66(20)	95.59(33)	159.93(43)	218.15(56)
9	43-Higher and Technical Education Department (Science and Technology Division)	21.31(15)	24.90(24)	29.27(17)	109.39(26)	170.44(32)
10	17-Commercial Tax Department	23.36(32)	18.45(27)	19.49(27)	8.08(11)	19.66(19)
Capital-Voted						
11	49-Water Resources Department	1,196.28(68)	544.62(33)	389.76(26)	681.00(36)	733.15(39)

Note: Figures in bracket indicate percentage of savings to total budget under the grant

Persistent large savings over the years indicate improper estimation under the Grants. Details of savings in some major schemes under six departments providing Social and Economic Services are depicted below:

Grant No. 1 – Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	National Food Security Mission	70.01	41.67(60)	60.00	28.22(47)	105.85	80.37(76)
2	National Horticulture Mission Programme	90.00	43.10(48)	75.00	35.17(47)	75.00	70.54(94)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Grant No. 18 - Food, Public Distribution and Consumer Affairs Department

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Mukhyamantri Dal-Bhat Yojana	25.00	11.65(47)	30.00	14.77(49)	35.00	20.34(58)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Grant No. 42 - Rural Development Department (Rural Development Division)

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Swarnajayanti Gram Swarojgar Yojana Scheme for General	362.00	86.98(24)	497.97	125.29(25)	689.11	432.80(63)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Grant No. 58 - School Education and Literacy Department (Secondary Education Division)

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Rashtriya Madhyamik Shiksha Abhiyan	198.57	40.91(21)	203.33	111.99(55)	307.26	294.60(96)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Grant No. 59 - School Education and Literacy Department (Primary and Adult Education Division)

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Grants-in-aid to Sarva Siksha Abhiyan	1,699.50	635.68 (37)	1,600.00	610.15(38)	1,537.00	378.83 (25)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Grant No. 60 - Women, Child Development and Social Security Department

(₹ in crore)

Sl. No.	Name of Scheme/Head	2016-17		2017-18		2018-19	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Integrated Child Development Scheme (ICDS)	400.00	148.95(37)	404.53	88.75(22)	464.90	135.41(29)
2	Integrated Child Protection Scheme (ICPS)	24.00	9.80(41)	41.35	12.68(31)	41.35	13.59(33)

Source: Appropriation Accounts of the Government of Jharkhand for the years 2016-17, 2017-18 and 2018-19
Figures in bracket indicate percentage of savings to total budget under the head of accounts

Recommendation: All anticipated savings should be surrendered on time so that the funds can be utilised for other development purposes.

2.3.4 Advances from Contingency Fund

Advances from the Contingency Fund are to be made only for meeting expenditure of unforeseen and emergent character, postponement of which, till authorisation by the Legislature, would be undesirable. The corpus of the Contingency Fund was ₹ 500 crore during 2018-19.

It was noticed that during 2018-19, no expenditure was made on natural calamities from the Contingency Fund.

Further, it was noticed that during 2018-19, ₹ 69.72 crore was drawn on 40 occasions from the Contingency Fund. Out of the total drawal, ₹ 15.34 crore withdrawn on 13 occasions was for meeting expenditure that should have been foreseen at the time of preparation of the budget estimates and were therefore, neither unforeseen nor of emergent nature as detailed in **Table 2.6**.

Table 2.6: Expenditure from Contingency Fund of the State

Sl. No.	Head of account	Detail of work	Advance (₹ in crore)
1	2011-02-101-09	Medical expenses of Ex-MLAs	0.15
2	2011-02-101-01	Salary and allowances	0.03
3	2013-00-108-01	Tour expenses of Ministers	0.75
4	2013-00-105-02	Discretionary Grant	2.00
5	2040-00-001-04	Information, communication and transmission services	0.51
6	2055-00-003-07	Contractual Allowance	0.45
7	2055-00-101-08	Contractual Allowance	0.28
8	2055-00-001-04	Contractual Allowance	1.96
9	2055-00-001-04	Expenses on Training	0.10
10	2055-00-104-02	Games Incentives	0.25
11	2235-60-200-14	Grants-in-aid	0.69
12	2070-00-800-11	Jharkhand State Foundation Day Celebration	8.00
13	2215-01-102-03	Purchase of New Motor Vehicle	0.17
Total			15.34

Source: Data compiled by Principal Accountant General (A&E) Jharkhand

Thus, the Contingency Fund was used by the State as an imprest account for meeting non-contingent expenditure. However, utilisation of Contingency

Fund for meeting non-contingent expenditure decreased significantly from ₹ 226.17 crore in 2017-18 to ₹ 15.34 crore in 2018-19.

The total withdrawal from the fund during 2018-19 was recouped through supplementary budgets.

Recommendation: *The State Government should ensure that no advances are drawn from the Contingency Fund except to meet expenditure of emergent and unforeseen nature.*

2.3.5 Excess over provisions in previous years requiring regularisation

Under Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature.

Excess disbursement over grant/appropriation amounting to ₹ 3,015.37 crore pertaining to the years 2001-02 to 2017-18 is yet to be regularised by the State Legislature as detailed in **Appendix 2.5**. This is in violation of 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.

The year-wise amount of excess expenditure pending regularisation is summarised in **Table 2.7**.

Table 2.7: Excess relating to previous years requiring regularisation

(₹ in crore)

Year	Number of the		Amount of excess over provision
	Grant	Appropriation	
2001-02	25 & 32		0.04
2002-03	32		0.08
2003-04	46		0.29
2004-05	40		²
2006-07	38		³
2010-11	32		0.10
2011-12	15 & 25	14	420.16
2012-13	7, 15 & 42	14	1,263.18
2013-14	15	13 & 14	694.05
2014-15	42	13	361.21
2016-17	32	14	10.75
2017-18	15	13	265.50
Total			3,015.37

Source: Appropriation Accounts of the Government of Jharkhand for the year 2018-19

Recommendation: *The Finance Department should take immediate steps to regularise the excess expenditure of ₹ 3,015.37 crore.*

2.3.6 Avoidable/excessive Supplementary Provision

Rule 117 of the Bihar Budget Manual (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.

Supplementary provisions aggregating ₹ 3,495.01 crore (59 per cent) obtained in 44 cases (₹ one crore or more in each case) during the year, out of total supplementary budget provision of ₹ 5,953.81 crore, proved unnecessary as

² Excess amount was ₹ 1,072 only

³ Excess amount was ₹ 81,665 only

the expenditure did not come up even to the level of the original provisions as detailed in **Appendix 2.6**. In all these cases, it was noticed that the original allotment provided under some sub-heads were not exhausted and large savings had occurred under these sub-heads.

2.3.7 Excessive/Insufficient re-appropriation of funds

Injudicious re-appropriation under 22 sub-heads during 2018-19 as detailed in **Appendix 2.7** proved excessive or insufficient. As shown in the said appendix, under 18 schemes/sub-heads, additional funds of ₹ 16.14 crore were provided through re-appropriation leading to savings of ₹ 142.47 crore while in two schemes/sub-heads, ₹ 1.30 crore was re-appropriated to other schemes/sub-heads resulting in excess expenditure of ₹ 0.53 crore in those schemes/sub-heads at the end of year.

2.3.8 Substantial surrender of funds

In 127 cases, 100 *per cent* of the provision (₹ five crore and above in each case) amounting to ₹ 2,667.76 crore were surrendered, resulting in non-implementation of schemes/programmes as detailed in **Appendix 2.8**.

Recommendation: The Government should ensure that excessive, unnecessary supplementary provision and injudicious surrender is avoided.

2.4 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.

It was, however, observed that in 21 grants, expenditure of ₹ 6,342.48 crore (62.48 *per cent*) was incurred in the last quarter of the year against the total expenditure of ₹ 10,151.23 crore as detailed in **Appendix 2.9**. Of this, an expenditure of ₹ 3,691.90 crore (36.37 *per cent* of the total expenditure) was incurred in the month of March 2019. Further, it was observed that ₹ 35.15 crore was drawn through AC bills in March 2019 by Tourism, Welfare and Home, Jail & Disaster Management Departments as shown in the Appendix.

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.

Recommendation: The State Government should ensure adherence of the provisions of the Budget Manual by the Drawing and Disbursing Officers to control rush of expenditure during the fag end of the financial year.

2.5 Departmental figures not reconciled

Every year, the Principal Accountant General (Accounts & Entitlements) reiterates to Budget Controlling Officers, the requirements of the Bihar Budget Manual (as adopted by Jharkhand) to reconcile their monthly and quarterly figures of receipts and expenditure with the books of the Principal Accountant General (A&E).

Audit observed that the Departments did not reconcile receipts amounting to ₹ 29,024.83 crore (45.35 *per cent*) against the total receipts of ₹ 64,002.70 crore during 2018-19. Similarly, out of the total expenditure of ₹ 65,888.13

crore during the year 2018-19, ₹ 37,817.51 crore (57.40 per cent) was not reconciled. Details of un-reconciled expenditure exceeding ₹ 10 crore or more in each case aggregating to ₹ 25,632.56 crore during 2018-19 are given in **Appendix 2.10**.

Recommendation: The Finance Department should evolve a mechanism making it mandatory for the Controlling Officers to reconcile, on a monthly basis, their receipt and expenditure with the PAG (A&E).

2.6 Audit of Budgetary Process of Grant No. 26 – Labour, Employment and Training Department

2.6.1 Introduction

The Government of Jharkhand through the Department of Labour, Employment and Training is committed to provide social security and protect the interest of its working class in the organised and unorganised sectors. In addition, it is mandated to effectively implement various labour laws to enhance ease of doing business. To offer vocational training, the State is in the process of establishing Industrial Training Institutes (ITIs) in every block and Women ITIs in every sub-division.

The Directorate of Employee's State Insurance Scheme (ESIS) under the Department provides medical and health benefits including primary, speciality and super-speciality treatment to nearly 3.45 lakh insured persons and their families.

To meet the above responsibilities, the State Government had provided a budget of ₹ 345.71 crore to the Department during 2018-19. Budget provision and its utilisation is given in **Table 2.8**.

Table 2.8: Details of budget provision, expenditure and savings during 2018-19

(₹ in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	65.83	242.85	308.68
Supplementary Grant	34.69	2.34	37.03
Total Grant	100.52	245.19	345.71
Expenditure	13.21	166.63	179.84
Savings	87.31	78.56	165.87
Surrender	87.31	78.40	165.71
Lapse	0.00	0.16	0.16

Source: Appropriation Accounts of the Government of Jharkhand for the year 2018-19

Scope of Audit

Departmental Secretariat, Labour Employment Directorate and 31⁴ units in eight⁵ districts were selected for audit of the budgetary process.

⁴ 1. Bokaro- (i) Deputy Labour Commissioner, (ii) Executive Engineer (BCD) , (iii) ITI, (iv) Employees State Insurance (ESI) Dispensary; 2. Chaibasa- (i) Labour Superintendent, (ii) Labour Superintendent (Agriculture Labour), (iii) ITI; 3. Deoghar-(i) ITI, (ii) ESI Dispensary, (iii) Asstt. Labour Commissioner, 4. Dhanbad- (i) Asstt. Labour Commissioner, (ii) ESI Dispensary Joraphatak and (iii) ESI Dispensary Maithan, (iv) Sub-regional Employee Exchange (SREE), (v) ITI; 5. Garhwa- (i) Labour Superintendent, 6. Ranchi-(i) Asstt. Director (Training), (ii) Managing Director (Jharkhand State Building Construction Corporation Limited), (iii) ITI (General), (iv) ITI (welfare), (v) Under Secretary (Labour Commissioner), (vi) Deputy Labour Commissioner, (vii) Under Secretary (Labour & Training Deptt.), (viii) Asstt. Director (Employment, Hqr), (ix) ESI Dispensary, (x) SREE, (xi) Deputy Commissioner (Agriculture Labour); 7. Saraikela- (i) ITI, (ii) ESI Dispensary, (iii) Labour Superintendent; 8. Simdega- (i) Labour Superintendent.

⁵ Bokaro, Chaibasa, Deoghar, Dhanbad, Garhwa, Ranchi, Saraikela and Simdega

Audit findings

2.6.2 Persistent Savings

A study of the Department's budget and expenditure trend for the last four years (2015-19) revealed that the Department had persistent savings during the period and the percentage of savings in comparison to the budget estimates remained significantly high as detailed in **Table 2.9**.

Table 2.9: Trend of savings during last four years in Labour, Employment and Training Department

(₹ in crore)

Years		Original	Supple- mentary	Total	Actual Expenditure	Saving	Percentage of saving
2015-16	Revenue	1456.87	35.26	1492.13	403.84	1088.29	73.42
	Capital	71.20	3.98	75.18	12.81	62.37	
	Total	1528.07	39.24	1567.31	416.65	1150.66	
2016-17	Revenue	253.07	28.36	281.43	170.66	110.77	40.62
	Capital	45.87	0.95	46.82	24.27	22.55	
	Total	298.94	29.31	328.25	194.93	133.32	
2017-18	Revenue	229.41	12.28	241.69	133.60	108.09	47.61
	Capital	70.22	9.21	79.43	34.62	44.81	
	Total	299.63	21.49	321.12	168.22	152.90	
2018-19	Revenue	242.85	2.34	245.19	166.63	78.56	47.98
	Capital	65.83	34.69	100.52	13.21	87.31	
	Total	308.68	37.03	345.71	179.84	165.87	

Source: Appropriation Accounts 2015-19

As shown in the above table the Department had persistent savings ranging between 41 *per cent* and 73 *per cent* during the last four years which indicated non-completion of a number of schemes during the year.

2.6.3 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. In October 2017, the Finance Department (FD), GoJ revised the scheduled common submission date from 01 October every year to 01 November for estimates of Establishment Expenditure and 24 November for the General Budget (State, Central and Centrally Sponsored Schemes).

Scrutiny of records of the Department revealed that the General Budget for the year 2018-19 was submitted (23 January 2018) with a delay of 60 days to the FD.

Delayed submission of Budget Estimates gave little time for scrutiny of estimates by the Finance Department.

2.6.4 Budget Estimates prepared without obtaining requirements from Disbursing Officers (DOs).

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 during audit that provisions of BM were not followed and the budget estimates for General Budget (State, Central and Centrally Sponsored Schemes) were prepared at the Department level without obtaining/ assessing the actual requirements from the DOs who are finally responsible to execute the work and utilise the fund. In view of huge savings of ₹ 87.31 crore (87 *per*

cent) against the budget provision of ₹ 100.52 crore under capital section during the year 2018-19 non-observance of provisions of BM was a serious negligence.

2.6.5 Non-Preparation of Outcome and Gender Budget

As per instructions (October 2017) 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. Proforma-Y was to be submitted indicating details of Gender Budget along with amount required for schemes (where 30 per cent or more was to be spent on schemes for welfare of women) and fundamental goals set for qualitative reforms during 2018-19.

Scrutiny of records of the Department revealed that the above instructions were not followed and the Outcome and Gender budget for the year 2018-19 were not prepared and submitted in the prescribed proforma. Thus, the result of outcome budget of Central and State Schemes could not be assessed.

Further scrutiny revealed that during 2018-19, a sum of ₹ 13.30 crore was provided under the Gender Budget for three schemes (Aam Aadmi Bima Yojana, Jharkhand; Un-organised Workers Social Security Scheme and Distribution of Blankets among BPL women) for welfare of women. However, the records of expenditure on women specific works were not maintained in the prescribed proforma. Thus, the achievement and outcome of Gender budgeting could not be assessed.

2.6.6 Avoidable Supplementary Provision

As per comments below Rule 57 of Bihar Budget Manual (as adopted by Jharkhand), the officer responsible for preparing estimates should be sure that there is no provision for a greater sum than that which can be spent.

It was noticed that during 2018-19, out of 61 schemes (45 revenue and 16 capital), additional fund amounting to ₹ 37.03 crore was provided through supplementary provisions to 14 schemes (10 revenue & four capital) in spite of non-utilisation of the original provisions amounting to ₹ 33.80 crore as detailed in **Appendix 2.11**.

2.6.7 Non-utilisation of entire budget provision

A few cases where Rule 57 of Bihar Budget Manual (as adopted by Jharkhand) was not followed are detailed below.

(a) Under the scheme 'Construction of ITIs and allied buildings', Women ITIs were to be established in all sub-divisions and General ITIs were to be established in all blocks of Jharkhand, for which 105 backward blocks were selected in the first phase. An amount of ₹ 25.61 crore was provided during 2018-19 under three⁶ heads of accounts for the work.

It was noticed that out of the allocation of ₹ 25.61 crore during 2018-19, ₹ eight crore was provided to Other Sub-plan (OSP) and ₹ 17.61 crore to Tribal Area Sub-plan (TSP) and Special Component Plan for Scheduled

⁶ Capital section of Other Social Services viz., 4250-00-203-01 (₹ 8.00 crore), 4250-00-789-01 (₹ 5.00 crore) and 4250-00-796-01 (₹ 12.61 crore)

Castes (SCSPs). Of the total allocation to OSP, ₹ seven crore was transferred (December 2018) to Jharkhand State Building Construction Corporation Limited (JSBCCL) for construction of seven ITIs which remained unutilised and was lying in the PL Account of JSBCCL as of January 2020. The balance amount of ₹ one crore was surrendered by the Department.

The Department failed to utilise the provision of ₹ 17.61 crore to TSP and SCSPs and surrendered the entire amount.

(b) During the year 2018-19, the entire budget provision of ₹ 0.15 crore for setting up of Model Career Centre under the scheme 'National Career Service (Central Scheme), GoI' was surrendered by the Department without assigning any reason, except ₹ 0.05 crore which was stated to have been surrendered due to failure of treasury software.

(c) In seven⁷ out of eight test-checked districts, the entire budget provision of ₹ 7.51 crore provided for 37 schemes was surrendered mainly due to reasons like failure of treasury software, non-requirement of fund, pending decision at higher level etc., as detailed in **Appendix 2.12**.

(d) It was observed that during the year 2018-19, ₹ 17.81 crore was provided for three schemes, of which ₹ 9.32 crore (52 per cent) was spent and balance amounting to ₹ 8.49 crore was surrendered without giving any reasons as detailed in **Table 2.10**.

Table 2.10: Details of Allocation and Expenditure in three schemes

(₹ in crore)

Sl. No.	Name of scheme	Allocation	Expenditure	Target	Achievement
1	Establishment of new canteens in Jharkhand Assembly	1.00	0.14	Establishment of new canteens in Jharkhand Assembly and Secretariat's buildings	Expenditure has been incurred only on Material & Supply
2	Aam Admi Bima Yojana	1.81	1.21	Aim to provided insurance cover to 1,02,820 persons	Details not available
3	Jharkhand Un-organised workers Social Security Scheme	15.00	7.97	No target was fixed by the Department	No records was found regarding achievement
Total		17.81	9.32 (52%)		

It was further noticed that out of the provision for Aam Aadmi Bima Yojana, ₹ 1.21 crore was transferred (August 2018) to LIC as premium for renewal of insurance of 80,048 beneficiaries covered under the schemes Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY). However, the beneficiaries did not get the insurance cover under the schemes due to non-availability of Aadhar numbers, and the fund was blocked with LIC as of January 2020.

2.6.7.1 Surrender of fund due to delayed action by the department

Under the Skill Development Scheme for youths in Left-Wing Extremism (LWE) districts, one ITI and two Skill Development Centres in each district were to be established in 10 identified districts⁸. Six additional districts⁹ were

⁷ Chaibasa, Deoghar, Dhanbad, Garhwa, Saraikela, Simdega and Ranchi

⁸ Bokaro, Chatra East Singhbhum, Garhwa, Gumla, Hazaribagh, Latehar, Lohardaga, Palamu and West Singhbhum

⁹ Dumka, Giridih, Khunti, Ramgarh, Ranchi and Simdega

subsequently included by the GoI for establishing one ITI in each. The budgetary support to all these schemes was to be provided by the Centre and the State in the ratio of 60:40.

During 2018-19, revised budget of ₹ 64.68 crore (₹ 38.51 crore for Central share and ₹ 26.17 crore for State share) was provided under the Scheme for construction of ITIs and purchase of machineries.

It was observed that out of the total provision, ₹ 2.41 crore (3.7 per cent) was spent and the balance of ₹ 62.27 crore was surrendered by the Department. Out of the total surrender of ₹ 62.27 crore, ₹ 24.79 crore (Central share) provided for construction of six ITIs and Hostels under the Skill Development scheme in LWE districts¹⁰ was surrendered on the pretext of non-receipt of Technical Sanction (TS) from Jharkhand Building Construction Corporation Limited, Ranchi. However, it was noticed during audit that the TS was not received during the year due to late submission of request (February 2019) by the Department.

2.6.8 Surrender of fund on the last day 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.

It was observed that out of the total provision of ₹ 345.71 crore, ₹ 165.70 crore was surrendered (₹ 87.30 crore under capital section and ₹ 78.40 crore under revenue section) by the Department on the last day of the financial year.

Further, in the eight test-checked districts, it was noticed that surrender of ₹ 26.18 crore (42 per cent of total provisions under these schemes) were made on the last three days of the financial year for reasons like non-requirement of fund by the district units, failure of treasury software, complicated registration process on GeM portal etc., as detailed in **Appendix 2.13**.

Surrender of funds at the fag end of the financial year left no scope for its utilisation on other important schemes.

2.6.9 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.

Audit observed that during the year 2018-19, expenditure during March in 16 out of 61 heads (Capital and Voted) ranged between 50 and 100 per cent of the total expenditure. Further, in seven¹¹ out of eight test-checked districts, it was noticed that the expenditure under various heads ranged between 40 and 100 per cent in the month of March as detailed in **Appendix 2.14**. Rush of expenditure particularly in the last month of the financial year is against the provisions of the Budget Manual.

¹⁰ Dumka, Giridih, Khunti, Ramgarh, Ranchi and Simdega vide letter 08.02.2019.

¹¹ Bokaro, Chaibasa, Deoghar, Dhanbad, Ranchi, Saraikela and Simdega

2.6.10 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 the Principal Accountant General (A&E) on a monthly basis to avoid misclassification of expenditure and receipts.

It was observed that during 2018-19, out of total expenditure of ₹ 179.84 crore, expenditure of ₹ 68.94 crore was not reconciled by the Controlling Officer of the Department with the books of the Principal Accountant General as detailed in **Table 2.11**.

Table 2.11: Details of Non-reconciliation of departmental expenditure

(₹ in crore)

Sl. No	Major Heads	Total Expenditure (As per appropriation)	Reconciled amount	Un-reconciled amount
1	2210	17.72	6.61	11.11
2	2230	118.04	98.88	19.16
3	2235	27.70	2.47	25.23
4	2251	3.16	2.94	0.22
5	4059	1.78	0.00	1.78
6	4250	11.44	0.00	11.44
Total		179.84	110.90	68.94

Further, in seven out of eight test-checked districts, ₹ 32.30 crore, out of total expenditure of ₹ 43.21 crore was not reconciled during the year 2018-19, as detailed in **Appendix 2.15**.

2.6.11 Parking of funds in Deposit Accounts

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

It was observed that ₹ 6.14 crore was provided to the EE, BCD Bokaro between February 2011 and March 2019 for construction and allied works of Joint Labour Building, ITIs and Skill Development Centres at Bokaro, of which ₹ 0.80 crore was spent by the EE on construction of two Skill Development Centres and balance amounting to ₹ 5.35 crore was kept in Public Works Deposit (PWD) Accounts. The amount kept in PWD accounts was not utilised as of August 2019 as detailed in the **Table 2.12**.

Table 2.12: Details of fund parked in Deposit Accounts

(₹ in crore)

Sl. No.	Name of scheme/work under which fund was allotted	Date of allotment	Total allotment	Total Expenditure	Balance Amount
1	Construction of Joint Labour Building, Bokaro	28.02.11 06.03.19	1.75	0.00	1.75
2	Construction of ITI & Skill Development Buildings, Bokaro	08.09.12 05.01.13 04.01.19	4.17	0.80	3.38
3	Additional work of ITI, Kasmar, Bokaro	29.03.16	0.22	0.00	0.22
Total			6.14	0.80	5.35

In reply (August 2019), it was stated that the revised estimates are being prepared and the work will be started soon.

2.6.12 Incomplete Insurance Coverage to Jharkhand Un-organised Workers Social Security Scheme (JUWSSS)

An amount of ₹ 15 crore was sanctioned (July 2018) for JUWSSS during 2018-19, of which ₹ 3.50 crore was allotted to the eight test-checked districts.

Scrutiny of records of test-checked districts revealed that ₹ 2.11 crore was spent on PMJJBY and PMSBY under JUWSSS and the balance of ₹ 1.39 crore was surrendered as detailed in **Appendix 2.16**.

Further, it was noticed that out of total number of registered (5,04,663) un-organised workers for PMJJBY/PMSBY, only 1,12,562 workers (22 per cent) were covered under the Scheme. Other workers were not covered due to incomplete documents viz., Aadhar Number, Bank Details etc. Though premium of ₹ 1.92 crore (₹ 171.00 each) for the 1,12,562 workers was transferred between September 2018 to February 2019 to LIC by the concerned Labour Officers, coverage of the beneficiaries under the Scheme had not been confirmed by LIC as February 2020.

2.6.13 Non-interlinking of Employment Exchange with National Career Service (NCS) portals

As per National Career Service-2016 guidelines issued by the Ministry of Labour & Employment, all employment exchanges were to be interlinked with the National Career Service (NCS) portal, so that all job fairs conducted under the Scheme could be tracked/monitored by the State.

Scrutiny of records revealed that during 2017-18, ₹ 2.74 crore was released¹² to the Directorate, Employment and Training, Government of Jharkhand for the Scheme, of which ₹ 0.88 crore was spent by March 2018 and the balance amounting to ₹ 1.86 crore was surrendered by the Department. Utilisation Certificate for ₹ 0.88 crore was also submitted (May 2019) to GoI.

The amount surrendered during 2017-18 (₹ 1.86 crore) was reallocated during 2018-19, of which ₹ 0.14 crore was spent during the year. A proposal for revalidation of the balance amount of ₹ 1.72 crore for utilisation during 2019-20 forwarded (May 2019) to GoI has not been approved (January 2020). Thus, the interlinking of employment exchange with National Career Service Portal remained incomplete.

It was observed that in spite of availability of funds in two consecutive years, the Department failed to link State employment exchange with the National Career Service Portal which was required to provide latest information on job opportunities to the unemployed youth of the State.

The Joint Director (Employment) stated that interlinking of employment exchange portals with NCS portal is under process without specifying the reasons for non-utilisation of fund for two consecutive years.

2.6.14 Distribution of blankets/clothes to unknown/unidentified beneficiaries

As per Government's decision blankets/clothes were to be distributed among people below the poverty line (BPL), beggars, disabled and other destitute persons. Accordingly, ₹ 30.64 crore (₹ 14.32 crore for Other Sub Plan,

¹² 10 February 2017: ₹ 2.05 crore and 12 April 2017: ₹ 0.69 crore

₹ 14.32 crore for Tribal Sub Plan and ₹ two crore for special component plan for SCs (SCSP) was provided during 2018-19, of which ₹ 27.70 crore was spent on the Scheme and ₹ 2.94 crore was surrendered by the Department.

Further, in eight test-checked districts, it was observed that out of ₹ 10.71 crore (₹ 300 per blanket) provided, ₹ 9.77 crore was spent and ₹ 0.94 crore remained as balance as shown in **Appendix 2.17**.

The Department instructed (January 2019) the DDOs to purchase additional blankets from the balance amount at the tendered rate. But due to change in weather and refusal of suppliers to supply the blankets, ₹ 0.94 crore was surrendered.

It was observed that 3,80,879 blankets costing ₹ 9.77 crore were purchased and shown as distributed among the beneficiaries in the test-checked units. However, a list containing details of only 69,895 beneficiaries was available on record. Thus, evidence that the remaining 3,10,984 blankets (costing ₹ 8.16 crore) were distributed to beneficiaries was not available with these units.

Beneficiary survey conducted in six offices in three districts revealed that a list containing details of only 5,375 beneficiaries was available even though blankets were shown as distributed to 44,613 beneficiaries. Stock registers were also not maintained by these units. Hence, misutilisation of fund cannot be ruled out. Result of joint verification is shown in **Table 2.13**.

Table 2.13: Position of distribution of blankets noticed during Joint verification

Sl. No.	District	Name of Offices (Blocks/Circles and Corporation)	No. of blankets distributed	Available list of beneficiaries against distributed blankets
1	Dhanbad	BDO, Govindpur	6,866	121
		BDO, Nirsa	4,800	666
2	Ranchi	CO, Kanke	4,480	880
		Municipal Corporation, Ranchi	8,258	3,464
3	Bokaro	BDO, Chandankiyari	11,075	38
		BDO, Chas	9,134	206
Total			44,613	5,375

2.6.15 Non-maintenance of Cash Book and Bill 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.

Scrutiny of records of the office of Labour Superintendent, Simdega revealed that an expenditure of ₹ 1.11 crore was incurred between October 2016 and August 2019. However, Cash Book and Bill Book were not being maintained in the office since October 2016. Therefore, the actual receipts, expenditure and balance in the accounts of Labour Superintendent, Simdega could not be ascertained by Audit.

Due to non-maintenance of Cash Book and Bill Book by the DDO, misappropriation/ misutilisation of Government money cannot be ruled out.

2.7 Audit of budgetary process for Grant No. 18 – Food, Public Distribution and Consumer Affairs Department

2.7.1 Introduction

The primary objective of the Department is to ensure food security for the State through timely and efficient procurement and distribution of food grains, maintenance of food stocks, monitoring of production, stock and price levels of food grains, incentivising farmers, strengthening the system of State Food Commission, State Consumer Disputes Redressal Commission, District Consumer Forum and the Weights and Measures Division.

Scope of Audit

Departmental Secretariat, Food & Public Distribution and Consumer Affairs and 27 units¹³ of eight¹⁴ districts were selected for audit of the budgetary process.

2.7.2 Budgetary position of the Department during last four years

Audit noticed that the Department had persistent savings ranging between 27 and 39 *per cent* of the budget provision during the last four years which was indicative of the Department's inability to utilise the allocated fund leading to non-completion/non-commencement of schemes as detailed in **Table 2.14**.

Table 2.14: Budgetary position of the department during last four years

(₹ in crore)

Year		Original	Supple- mentary	Total	Actual Expenditure	Saving	Percentage of saving
2015-16	Revenue	1,234.11	50.32	1,284.43	778.8	505.63	38.76
	Capital	20.31	0.00	20.31	20.23	0.08	
	Total	1,254.42	50.32	1,304.74	799.03	505.71	
2016-17	Revenue	1,338.10	177.43	1515.53	1,120.57	394.96	25.31
	Capital	52.70	0.00	52.70	50.71	1.99	
	Total	1,390.80	177.43	1,568.23	1,171.28	396.95	
2017-18	Revenue	1,311.19	35.15	1,346.34	917.62	428.72	33.81
	Capital	80.00	0.00	80.00	26.54	53.46	
	Total	1,391.19	35.15	1,426.34	944.16	482.18	
2018-19	Revenue	1,311.12	64.58	1,375.70	1,027.00	348.70	26.90
	Capital	31.00	3.50	34.50	3.86	30.64	
	Total	1,342.12	68.08	1,410.20	1,030.86	379.34	

Source: Appropriation Account of respective years

¹³ (i) Ranchi- Director, Food , Public Distribution and Consumer Affairs, (ii)Secretary, Jharkhand State Consumer Dispute Redressal Commission (iii) Secretary, District Consumer Forum (DCF), (iv) Chairman, State Consumer Commission (v) Joint Director Agriculture Weights & Measures (W&M) (vi) Deputy Director Agriculture cum Assistant Joint Controller W&M (vii) Nazarat Deputy Collector, Office (viii) Special Rationing Officer (SRO) (ix) District Supply Officer (DSO) , (2) Giridih- (i) DSO (ii) Secretary, District Consumer Forum (iii) Asstt. Controller, W & M (3) Dhanbad- (i) DSO (ii) SRO (iii) Secretary, DCF (iv) Asstt. Controller (W&M) (4) Dumka- (i)DSO (ii) Asstt. Agriculture Director cum Dy. Controller W&M (iii) Secretary, DCF (iv) Assitt. Controller W&M , (5) Hazaribagh – (i)DSO (ii) DCF (6) Ramgarh- (i) DSO (7)) Jamshedpur- (i)DSO (ii) SRO (8) Gumla- (i) DSO (ii) Secretary, DCF

¹⁴ Dhanbad, Dumka, Giridih, Gumla, Hazaribagh, Jamshedpur, Ramgarh and Ranchi

2.7.3 Provision for preparation of Budget Estimate not followed

Rule 62 of the Budget Manual provides the calendar for correct and timely preparation of the budget of the State. In October 2017 the Finance Department (FD), GoJ revised the scheduled common submission date from 01 October every year to 01 November for estimates of Establishment Expenditure and 24 November for the General Budget (State, Central and Centrally Sponsored Schemes).

2.7.4 Avoidable Supplementary Provision

As per comments below Rule 57 of Budget Manual, 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.

It was noticed that during 2018-19, additional funds were provided for 15 out of 75 schemes (revenue heads) through the supplementary budgets despite the original provisions for those schemes remaining unutilised.

As shown in the **Appendix 2.18**, provision of additional fund of ₹ 17.93 crore through supplementary budgets proved unnecessary as expenditure was only ₹ 55.27 crore against the original provision of ₹ 68.13 crore.

Further, in five test-checked District units¹⁵, it was observed that excess fund of ₹ 7.39 crore was provided through supplementary budget which remained unutilised at the end of the financial year as detailed in **Appendix 2.19**.

2.7.5 Surrender on the last day of the financial year

As per Rule 137 of the Budget Manual, no object is served by keeping back savings, which should be surrendered. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If it is not done, other officers connected with the spending department are deprived of funds which they could have utilised.

It was observed that out of the provision of ₹ 1,342.00 crore during 2018-19, ₹ 256.52 crore was surrendered by the Department on 31 March 2019, leaving no scope for its utilisation on other schemes. In six test-checked districts units, ₹ 105.47 crore was surrendered on the last two days of the financial year as detailed in **Appendix 2.20**.

2.7.6 Rush of expenditure

It was observed that the provisions of the Budget manual were not followed by the Department and the expenditure during March 2019 ranged between 26 and 100 *per cent* of the total expenditure in 15 out of 75 heads of account (Capital and Voted), as detailed in **Appendix 2.21**.

In four test-checked districts, it was noticed that the expenditure by these units during March 2019 ranged between 34 to 100 *per cent* under various heads as detailed in **Appendix 2.22**.

¹⁵ Dhanbad, Dumka, Giridih, Hazaribagh and Ramgarh

2.7.7 Non-reconciliation of departmental expenditure figures

It was noticed that out of total expenditure of ₹ 1,030.86 crore, expenditure of ₹ 705.96 crore (68 per cent) was not reconciled by the Department with the books of the Principal Accountant General (A&E) during the year 2018-19 as detailed in **Table 2.15**.

Table 2.15: Non-reconciliation of departmental expenditure figures

(₹ in crore)

Sl. No.	Major Heads	Total Expenditure (As per appropriation)	Reconciled amount	Un-reconciled amount
1	4408	3.86	0.00	3.86
2	3451	3.72	0.00	3.72
3	3475	3.02	0.00	3.02
4	3456	1,020.26	324.90	695.36
Total		1,030.86	324.90	705.96

Further, in eight test-checked districts units, the entire expenditure of ₹ 319.83 crore (**Appendix 2.23**) during 2018-19 was not reconciled with the books of the Principal Accountant General (A&E).

2.7.8 Surrender of entire budget provision

According to Rules 65 and 133 of the Budget Manual, the Controlling Officer should examine the budget estimates received from the Disbursing Officer to see that they are correct and all details and explanations are adequate; if inadequate, the provision should be altered. As regards defective control over expenditure, the statements for supplementary demands, surrenders and re-appropriation are generally based on eight and nine-monthly revised estimates to estimate the expenditure during the remaining portion of the year. Thus the scope for occurrence of any abnormal event is considerably reduced.

It was observed that under 12 Heads of account relating to the public welfare schemes of the Department, entire budget provision of ₹ 51.57 crore (100 per cent) was surrendered during 2018-19 as detailed in **Appendix 2.24**.

In eight test-checked districts units, the entire budget provision of ₹ 12.40 crore (100 per cent) provided for welfare schemes like Annapurna Yojana, Ujjwala Yojana, Kerosene Oil distribution etc., was stated to have been surrendered due to non-requirement of fund, late receipt of fund, non-receipt of bill on time etc., during 2018-19 as detailed in **Appendix 2.25**.

2.7.9 Non-submission of Outcome and Gender Budget

Audit observed that Government orders were not followed and the Outcome and Gender budget for the year 2018-19 were not prepared and submitted in the prescribed proforma. Thus, the achievement under welfare schemes for women could not be assessed. Further, due to lack of information in the prescribed proforma, the goals of Central and State Schemes achieved through qualitative reforms could not be assessed.

2.7.10 Non-utilisation of Consumer Welfare Fund

Consumer Affairs Department, Govt. of India intimated (February 2010) the State Government to establish a Consumer Welfare Fund of ₹ 10.00 crore with contribution of 75 and 25 per cent by the Central and State Government respectively.

Accordingly, a non-lapsable fund was constituted (July 2016) for consumer awareness and other allied activities. An amount of ₹ 10.00 crore was deposited in savings bank account during 2016-17 and the Director of Food and Consumer Affairs, Ranchi was appointed as DDO. The interest earned on this corpus fund was to be used on consumer awareness and other allied activities.

It was observed that during 2016-19, though bank interest of ₹ 1.06 crore¹⁶ was earned, it was not utilised by the Department till February 2020.

2.7.11 Implementation of Schemes announced in the budget

It was observed that during 2018-19, only ₹ 18.17 crore (26 per cent) was spent on three important schemes for social benefit against the budget allocation of ₹ 69.41 crore and balance amount was surrendered. Thus, due to negligible expenditure (ranging between 5 per cent and 49 per cent) on important schemes, the intended objectives were not achieved as detailed in Table 2.16.

Table 2.16: Implementation of Schemes announced in budget

Sl. No.	Name of Scheme	Budget Allocation (₹ in crore)	Expenditure (₹ in crore)	Expenditure as a per cent to allocation	Objective
1	Annapurna Yojana	4.41	2.16	49	54,939 aged persons were to be covered under the Scheme.
2	Goddam Nirman/ Mrammati Yojana	30.00	1.35	5	Provision for additional storage of 1.44 lakh MT of food grains.
3	Mukhyamantri Dal-Bhat Yojana	35.00	14.66	42	376 Centres were to be started to provide basic food to the poor.
Total		69.41	18.17	26	

Recommendation: While preparing budget estimates, the departments of the State Government should adhere to the provisions as contained in the Budget Manual to make it more realistic. Provisions of Jharkhand Treasury Code and Financial Rules should be followed by the departmental officers.

Further, the trend of expenditure during the year must be monitored by the Finance Department so that savings are minimised, funds are not retained unnecessarily and are surrendered in time by the departments.

¹⁶ 2016-17: ₹ 0.01, 2017-18: ₹0.37, 2018-19: ₹0.68