

CHAPTER-II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL

2.1 Introduction

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

2.2 Summary of Appropriation Accounts

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

The summarised position of actual expenditure during 2017-18 against 51 Grants/ Appropriations is given in **table 2.1**.

Table 2.1: Summarised position of actual Expenditure against Original/ Supplementary provisions for the year 2017-18

(₹ in crore)

Nature of Expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Savings (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March 2018	Percentage of savings surrendered by 31 March 2018 (Col.7/ Col.6*100)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Voted	I-Revenue	1,12,120.58	19,881.35	1,32,001.93	96,719.52	35,282.41	24,222.99	14,058.24	68.65
	II-Capital	32,195.84	7,155.78	39,351.62	29,301.38	10,050.24	9,964.91	4,723.61	99.15
	III-Loans and Advances	489.75	178.14	667.89	242.78	425.11	320.44	198.50	75.38
Total Voted		1,44,806.17	27,215.27	1,72,021.44	1,26,263.68	45,757.76	34,508.34	18,980.35	75.42
Charged	IV-Revenue	10,482.25	42.99	10,525.24	10,030.07	495.18	59.37	59.23	11.99
	V-Capital	0	0	0	0	0	0	0	0
	VI-Public Debt-Repayment	4,797.28	0	4,797.28	4,653.56	143.72	2.93	2.93	2.04
Total Charged		15,279.53	42.99	15,322.52	14,683.63	638.90	62.30	62.16	9.75
Grand Total		1,60,085.70	27,258.26	1,87,343.96	1,40,947.31	46,396.66	34,570.64	19,042.51	74.51
Note: The expenditure includes recoveries/refund of revenue expenditure amounting to ₹ 4,125.87 crore and recoveries of capital expenditure amounting to ₹ 394.43 crore adjusted as reduction of expenditure.									

(Source: Appropriation Accounts for the year 2017-18).

As evident from the table above, the incurred expenditure was ₹ 1,40,947.31 crore only against the total provisions of ₹ 1,87,343.96 crore. This shows that the Supplementary provision of ₹ 27,258.26 crore was avoidable since the expenditure did not even reach the level of original provision (₹ 1,60,085.70 crore). Cases of supplementary that proved unnecessary are discussed in *paragraph 2.3.3*. Overall savings of ₹ 46,396.66 crore resulted

from savings of ₹ 35,777.59 crore in 46 Grants and eight Appropriations under Revenue section and savings of ₹ 10,619.07 crore in 32 Grants under Capital section including seven Grants under Loans and Advances and one Grant under Public Debt Repayments. Out of overall savings, reason of savings of ₹ 13,368.56 crore has not been intimated.

The total savings was 25 per cent of total Grants/ Appropriation. Out of total savings of ₹ 46,396.66 crore, only 75 per cent was surrendered (₹ 34,570.64 crore) during the year resulting in non-surrender of saving aggregating ₹ 11,826.02 crore (25 per cent of total savings). Further, ₹ 19,042.51 crore (55 per cent of total surrenders) was surrendered on the last working day of March 2018, leaving no scope for utilisation of these funds. This indicates inaccurate estimation of funds and failure of the Finance Department to ensure effective budgetary control.

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

2.3 Financial Accountability and Budget Management

2.3.1 Savings

There were 32 cases of savings relating to 27 Grants/Appropriations, each exceeding ₹ 100 crore and above, amounting to ₹ 36,449.27 crore (31 per cent) of total provisions (₹ 1,16,130.14 crore) as detailed in *Appendix 2.1*.

Significant savings of ₹ 1,000 crore and above and more than 20 per cent of total provisions, occurred in 11 Grants aggregating ₹ 30,899.89 crore (33 per cent of total provision of ₹ 93,933.33 crore) as indicated in *table 2.2*.

Table: 2.2 List of Grants/Appropriations with savings of ₹ 1,000 crore and above and more than 20 per cent of total provision

(₹ in crore)

Sl. No.	Number and Name of grant/ Appropriation	Original provision	Supplementary provision	Total	Expenditure	Savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(A) REVENUE							
1	1-Agriculture Department	2,614.74	191.12	2,805.86	1,655.14	1,150.72	41.01
2	15- Pension	19,866.79	0.05	19,866.84	14,296.82	5,570.02	28.04
3	18- Food and Consumer Protection Department	1,641.90	777.74	2,419.64	1,211.48	1,208.16	49.93
4	21-Education Department	24,318.98	7,126.10	31,445.08	23,741.87	7,703.21	24.50
5	35-Planning and Development Department	1,386.42	4.93	1,391.35	361.00	1,030.35	74.05
6	39-Disaster Management Department	552.00	3,410.58	3,962.58	2,599.87	1,362.71	34.39
7	42-Rural Development Department	9,664.48	705.08	10,369.56	5,203.18	5,166.38	49.82
8	48- Urban Development and Housing Department	4,335.01	712.92	5,047.93	3,236.04	1,811.89	35.89

Sl. No.	Number and Name of grant/ Appropriation	Original provision	Supplementary provision	Total	Expenditure	Savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
9	51-Social Welfare Department	5,846.24	2,386.54	8,232.78	6,090.58	2,142.20	26.02
Total Revenue		70,226.56	15,315.06	85,541.62	58,395.98	27,145.64	31.73
(B) CAPITAL							
10	3-Building Construction Department	3,405.67	1,032.05	4,437.72	2,088.91	2,348.81	52.93
11	49-Water Resources Department	2,793.54	1,160.45	3,953.99	2,548.55	1,405.44	35.54
Total Capital		6,199.21	2,192.50	8,391.71	4,637.46	3,754.25	44.74
Grand Total (A+B)		76,425.77	17,507.56	93,933.33	63,033.44	30,899.89	32.90

(Source: Appropriation Accounts for the year 2017-18).

Further, scrutiny of savings under 35 Grants has been made after deducting the savings against budget allocation for salary and establishment reveals that, out of total allocation for schemes and capital heads (₹ 56,464.23 crore), an expenditure of ₹ 36,359.18 crore was incurred resulting in savings of ₹ 20,105.05 crore (36 per cent of total allocation). Reasons of savings have not been intimated.

Thus, the departments failed to fully utilised the budget allocation for socio-economic development and creation of assets of the State.

Further, significant variations (20 per cent and above in each case) between the total grant or appropriation and expenditure incurred leading to a savings of ₹ 11,046.78 crore under nine Grants/ Appropriations, the reasons for which have not been appropriately explained in the Appropriation Accounts.

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

2.3.2 Persistent savings

In 27 cases involving 25 Grants, there were persistent savings (₹ 100 crore and above) of ₹ 24,318.74 crore and above during each of the last five years (ranging between ₹ 100.34 crore and ₹ 8,534.72 crore) as detailed in *Appendix 2.2*.

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

2.3.3 Unnecessary supplementary provision

During 2017-18, in 42 cases (38 Grants/Appropriations) supplementary provisions amounting to ₹ 16,290.56 crore (₹ 10 lakh or more in each case) proved unnecessary as the expenditure (₹ 90,484.28 crore) was not even up to the level of the original provision (₹ 1,08,361.54 crore) as detailed in *Appendix 2.3*.

2.3.4 Excessive / Unnecessary Re-appropriation of funds

Re-appropriation of ₹ 216.50 crore under 27 Grants/Appropriations involving 83 detailed heads, proved unnecessary as the final savings were ₹ 413.49 crore (**Appendix 2.4**). It was also seen that ₹ 263.94 crore provided through Re-appropriation in 14 Grants/Appropriations involving 22 detailed heads, proved excessive in view of savings of ₹ 106.70 crore (**Appendix 2.5**). This indicated injudicious Re-appropriation without assessing actual requirements.

Further, there was excess expenditure of ₹ 12.16 crore in eight cases, which can partly be attributed to ₹ 90.27 crore being injudiciously withdrawn through Re-appropriations and surrender of ₹ 350.35 crore, as detailed in **table 2.3**.

Table 2.3: Injudicious withdrawals through Re-appropriation of funds

(₹ in crore)

Sl. No.	Grant No.	Head of Accounts and Description	Total Provision	Re-appropriation (-)	Total Surrender	Expenditure	Excess Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	16	2015-00-109-0002- Election of Zila Parishad/ Panchayat Samities/ Gram Panchayats	16.55	2.21	1.53	14.34	1.53
2.	20	2210-05-105-0013- Pharmacy Training	3.09	0.50	0.61	1.99	0.01
3.	40	2029-00-104-0001- Expenditure of Revenue Administration	644.21	1.20	217.55	426.66	1.20
4.	48	2015-00-109-0001- Election of Municipal corporations, Municipal Council and Nagar Panchayats	40.00	9.99	19.68	10.43	0.10
5.		2215-01-192-0101- Grant-in Aid to Municipal Councils for supply of Drinking Water	35.00	8.75	0.00	28.25	2.00
6.		2215-01-193-0101- Grants-in-Aid to Nagar Panchayats for Supply of Drinking Water	35.00	8.75	0.00	28.96	2.71
7.		2215-02-192-0102- Grants-in-Aid to Local Bodies for sewerage and Drainage for Urban	30.00	7.50	0.00	24.14	1.64
8.		2217-80-193-0005- Grants- in -Aid to Nagar Panchayats in the Light of recommendation of State Finance Commission	263.00	51.37	110.98	103.62	2.97
Total			1,066.85	90.27	350.35	638.39	12.16

(Source: Grants Audit Register & Detailed Appropriation Accounts for the year 2017-18)

Similarly, insufficient withdrawal of fund through Re-appropriations (₹ 444.11 crore) in 50 cases under 23 Grants resulted in savings of ₹ 1,409.63 crore as shown in **Appendix 2.6**.

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

2.3.5 Substantial surrender

Out of the total provision of ₹ 21,037.49 crore in 125 cases under 34 Grants/ Appropriations, ₹ 14,186.70 crore (67.44 per cent) was surrendered (₹ five crore and more than 50 per cent of the total provision) as detailed in **Appendix 2.7**. Further, there was cent per cent surrender of funds (₹ 3,591.68 crore) in 189 head of accounts under 35 Grants/ Appropriations (**Appendix**

2.8). Such substantial surrenders indicated that either the budgeting was done without due prudence or that there were serious slippages in programme implementation.

The departments attributed surrender of funds due to non-sanction of whole amount of scheme, revision in plan outlay, non-receipt of central share, non-receipt of administrative approval, sanction of less amount, inability to foresee appointments/ transfers and non-receipt of demand from nodal agencies etc.

2.3.6 Surrenders in excess of actual savings

Against savings of ₹ 13,160.22 crore, the amount surrendered was ₹ 13,919.05 crore (more than ₹ five crore in each case), resulting in excess surrender of ₹ 758.83 crore in 16 Departments as shown in **table 2.4**. Thus, an amount of ₹ 758.83 crore was reflected in expenditure as well as surrendered amount. Such surrenders in excess of actual savings indicated that the departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements.

Table 2.4: Surrender in excess of actual savings during the year 2017-18

(₹ in crore)

Sl. No.	Number and name of the grant	Total grant	Saving	Amount surrendered	Amount surrendered in excess (5-4=6)
(1)	(2)	(3)	(4)	(5)	(6)
Revenue- Voted					
1	1-Agriculture Department	2,805.86	1,150.72	1,151.65	0.93
2	6-Election Department	100.53	5.42	7.27	1.85
3	16-Panchayati Raj Department	9,148.72	607.76	642.41	34.65
4	17-Commercial Tax Department	263.14	118.63	146.88	28.25
5	30-Minorities Welfare Department	297.97	209.43	213.05	3.62
6	33-General Administration Department	550.02	166.51	166.74	0.23
7	42-Rural Development Department	10,369.57	5,166.39	5,169.04	2.65
8	43-Science and Technology Department	127.89	20.91	20.93	0.02
9	44-Scheduled Castes and Scheduled Tribes Welfare Department	1,406.51	390.28	419.55	29.27
10	46-Tourism Department	93.61	26.97	27.12	0.15
11	48-Urban Development and Housing Department	5,047.93	1,811.89	1,827.26	15.37
Total Revenue		30,211.75	9,674.91	9,791.9	116.99
Capital- Voted					
12	3-Building Construction Department	4,437.72	2,348.80	2,350.46	1.66
13	10-Energy Department	7,286.20	130.74	727.50	596.76
14	35-Planning and Development Department	1,465.31	587.58	588.08	0.50
15	36-Public Health Engineering Department	1,809.69	46.10	46.22	0.12
16	41-Road Construction Department	5,940.99	372.09	414.89	42.80
Total Capital		20,939.91	3,485.31	4,127.15	641.84
Grand Total		51,151.66	13,160.22	13,919.05	758.83

(Source: Appropriation Accounts for the year 2017-18)

2.3.7 Anticipated savings not surrendered

As per rule 104 of the Bihar Budget Manual (BBM), spending departments are required to surrender Grants/Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2017-18, though savings of ₹ 24,455.03 crore (₹ one crore or more and above 10 per cent of total provisions) occurred in 22 Major Heads under 18 Grants/Appropriations, ₹ 13,205.72 crore (54 per cent) was not surrendered by the spending departments as detailed in *Appendix 2.9*.

Besides, in 52 cases (in excess of ₹ 10 crore and 10 per cent of the total provisions) under 33 Grants/Appropriations, ₹ 14,637.93 crore (27.19 per cent) out of the total provision (₹ 53,829.43 crore) was surrendered on the last working day of the financial year as detailed in *Appendix 2.10*.

Recommendation: The Finance Department should ensure timely surrender of funds and evolve a system of timely budgetary releases to departments to minimise the surrenders.

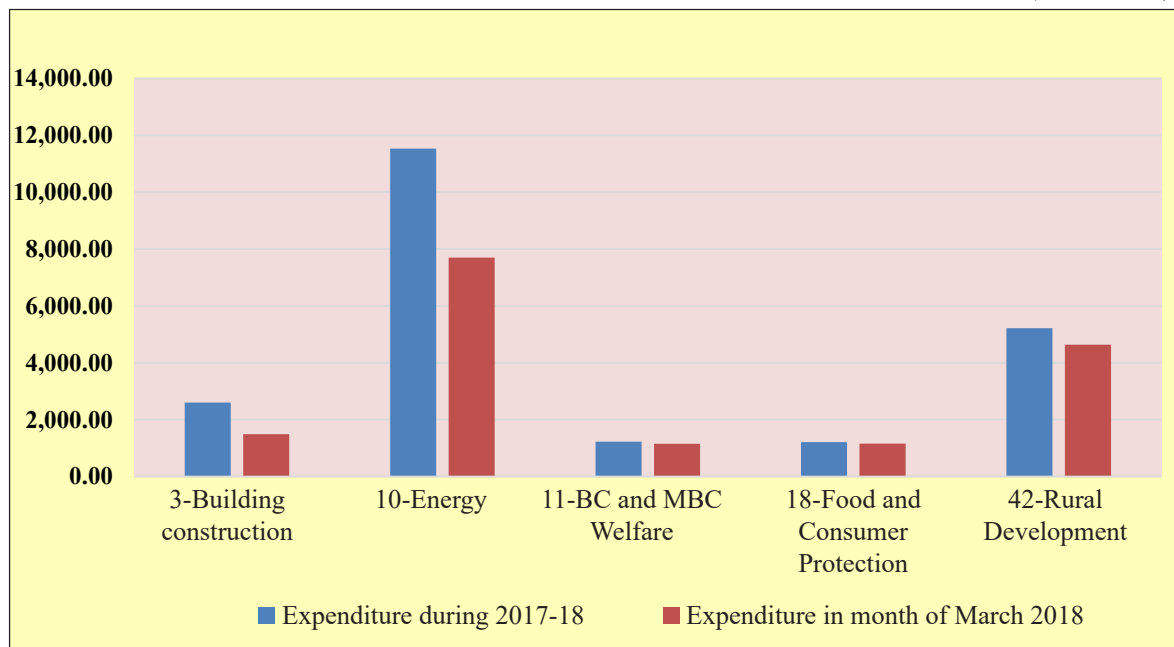
2.3.8 Rush of Expenditure

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

Scrutiny of expenditure (50 per cent and above) during last quarter of the year and in the month of March 2018 reveals that, out of total expenditure of ₹ 25,196.70 crore under 18 departments, amount of ₹ 19,664.66 crore (78.04 per cent) was incurred during the last quarter, whereas ₹ 18,549.06 crore (73.62 per cent) was incurred in the month of March 2018 as detailed in *Appendix 2.11*. Further, Scrutiny of expenditure of ₹ 1,000 crore and above during March 2018 reveals that ₹ 16,137.87 crore (74.08 per cent) of total expenditure (₹ 21,785.43 crore) was made under five departments as depicted in **chart 2.1**.

Chart 2.1: Rush of expenditure during 2017-18

(₹ in crore)



(Source: Finance Accounts for the year 2017-18)

Thus, a substantial amount of expenditure was incurred by the department at the fag end of the year (though sufficient funds were available in original provision) indicates deficient financial management, lack of effective control and a tendency to utilised the budget at the fag end of the financial year.

Recommendation: The State Government should frame rules to control rush of expenditure during the fag end of the financial year.

2.4 Advances from Contingency Fund

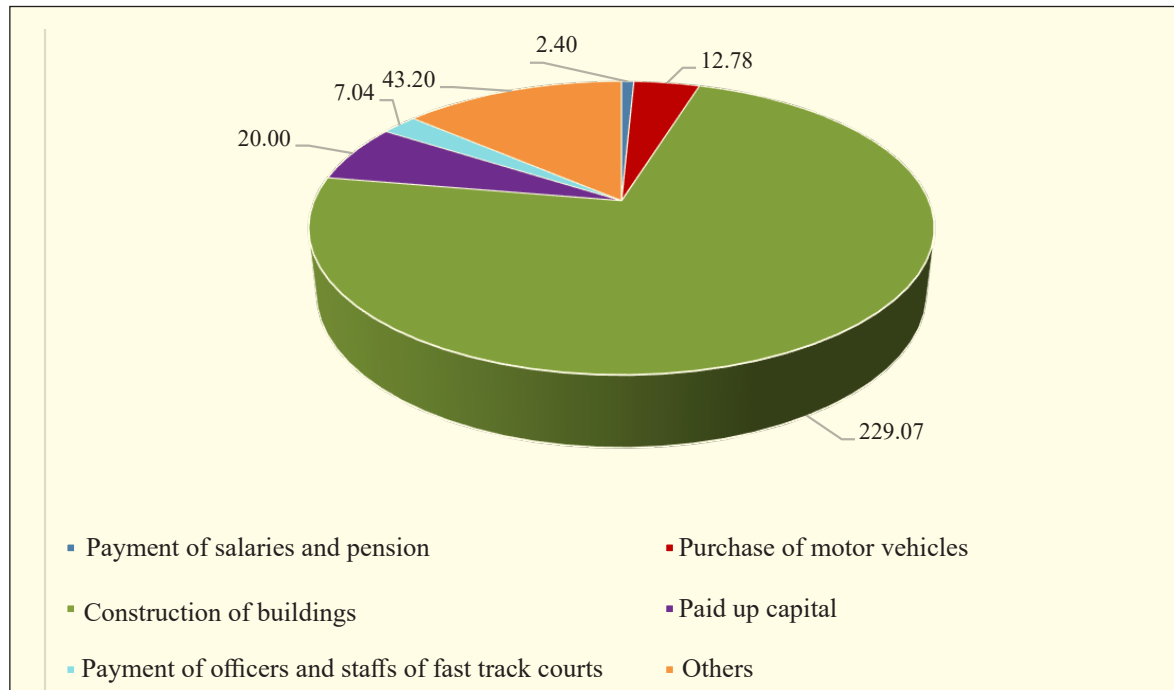
The Contingency Fund of the State was established under the Bihar Contingency Fund Act, 1950 in terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India.

Through the Bihar Contingency Fund (Amendment) Act 2015, the State Government increased the corpus of the Contingency Fund from ₹ 350 crore to ₹ 6,403.42 crore, on temporary basis, for the period 1 April 2017 to 30 March 2018 for relief on natural calamities like drought and earthquake and to meet the State share of GoI sponsored projects for which budget provisions have not been made and expenditure is to be made immediately. Fifty *per cent* of the total amount so enhanced was to be used only for relief and rehabilitation measures due to natural calamities. In comparison, the corpus of the Contingency Fund of GoI has remained at ₹ 500 crore over the past 13 years. Contingency fund of the neighboring¹ states was also far less.

It was observed that the State Government made 126 withdrawals amounting to ₹ 4,949.21 crore from the Contingency Fund, out of which 35 withdrawals amounting to ₹ 314.49 crore (6.35 *per cent*) were made for foreseeable nature as depicted in **chart 2.2** and detailed in **Appendix 2.12**.

Chart 2.2: Non-contingent expenditure from Contingency Fund

(₹ in crore)



(Source: Information received from office of the Accountant General (A&E))

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

During audit of expenditure from Contingency Fund in Finance department revealed instances where expenditure were made for meeting Non- Contingent expenditure in violation of the provision of the Bihar Contingency Fund (Amendment) Act, 2015 as given below.

- (i) An amount of ₹ 20.00 crore paid to Bihar State Mines Development Corporation for investment as paid-up-capital despite an amount of ₹ 22.53 crore surrendered by Mines & Geology Department.
- (ii) Payment made to retired officials of Judicial cadre and staff of 68 fast track courts (FTCs) for the period February 2017 to July 2017 (6 months) amounting to ₹ 7.04 crore though the Fast Track Courts were created on recommendations of Eleventh Finance Commission and already in operation in Bihar.
- (iii) Motor vehicles (Safari Storm) amounting to ₹ 16.00 lakh was purchased on proposal of Administrative Rank Committee on 23/01/2017 without approval of Finance Minister.

Reply of Sl. No. (i) & (ii) is awaited (April 2019). In reply of Sl. No. (iii), office stated that due to late approval (February 2017) of purchase of vehicles by Administrative Rank Committee, provision could not be made in regular budget of 2017-18 as proposal for budget provision was sent to Finance Department in November 2016. So provision of ₹ 16.00 lakh was made from Contingency Fund.

Analysis of Contingency Fund revealed that it had been regularly enhanced² during the past five years on temporary basis, for relief on natural calamities and meeting the State share of GoI sponsored projects. However, the expenditure on natural calamities during the last five years ranged from 10.90 to 78.77 *per cent* of the funds drawn from the Contingency Fund as shown in **table 2.5**.

Table 2.5: Expenditure on natural calamities from the Contingency Fund

(₹ in crore)

Sl. No.	Year	Total expenditure from Contingency Fund	Expenditure on natural calamities	Percentage of total expenditure
1	2013-14	1,141.58	430.00	37.67
2	2014-15	1,875.84	204.52	10.90
3	2015-16	6,117.60	2,205.00	36.04
4	2016-17	4,416.63	1,524.42	34.52
5	2017-18	4,949.21	3,898.33	78.77

(Source: Information provided by AG (A&E))

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

Recommendations: The Finance Department should review the practice of such large annual increases in the Contingency Fund corpus and should also ensure that advances

² Raised to ₹ 1,800 crore in 2013-14, to ₹ 2,000 crore in 2014-15, to ₹ 4,827.41 crore in 2015-16 to ₹ 5,787.85 crore in 2016-17 and ₹ 6,403.42 crore in 2017-18.

from the Contingency Fund are utilised only for intended purposes as contemplated under the Constitution and the Bihar Contingency Fund Act.

2.5 Unnecessary Retention of Funds

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

Test check of vouchers of the year 2017-2018 revealed that, in 54 cases, an amount of ₹ 53.87 crore was drawn on AC bills during the period 2005-06 to 2015-16. Out of this, an amount of ₹ 10.08 crore was remitted after retention for periods ranging from 10 months to 10 years and four months (*Appendix 2.13*).

Further, in 23 cases, the entire amount of ₹ 4.93 crore drawn on AC bills during the period from 2002-03 to 2015-16 was remitted after retaining the funds for periods ranging from 11 months to 14 years (*Appendix 2.14*).

Reasons for unnecessary retention of fund were asked from concerned DDOs during 2017-18, their reply is still awaited (February 2019).

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

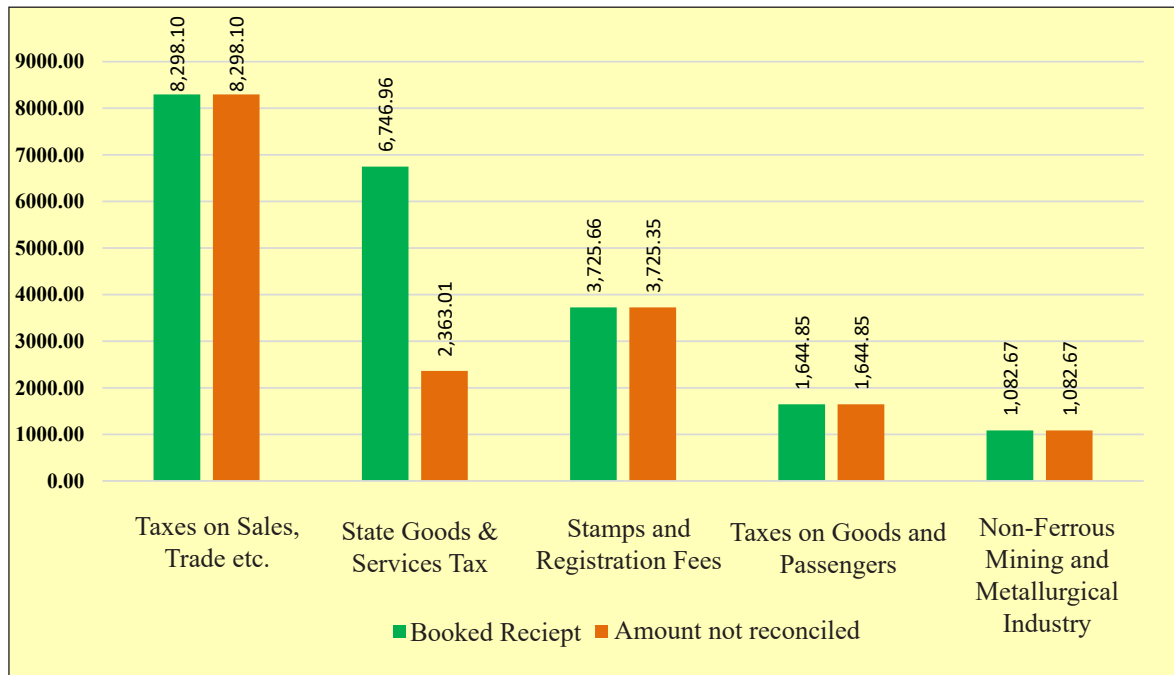
Recommendations: A Management Information System (MIS) should be devised by Finance Department, which helps in bringing out the annual unspent amount of AC bills drawn at DDO's level. Disciplinary action should be initiated against officers/officials who draw funds on AC bills and fail to transfer unspent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

2.6 Unreconciled receipts and expenditure

Rule 475 (viii) of the Bihar Financial Rules states that Heads of Departments (HODs) and the AG (A&E), will be jointly responsible for the reconciliation of the figures given in their respective accounts maintained by the HoDs with those that appear in the books of AG (A&E). Further, as per rule 96 of the BBM, 2016, the controlling officers, after consolidating the monthly figures received from disbursing officers under their control, should get the monthly/quarterly figures reconciled with those recorded in the books of AG (A&E). In this regard, several reminders from AG (A&E) office were issued to Finance Department and, the last date for reconciliation was fixed as 21 June 2018 by the AG (A&E), but the reconciliation is not completed yet.

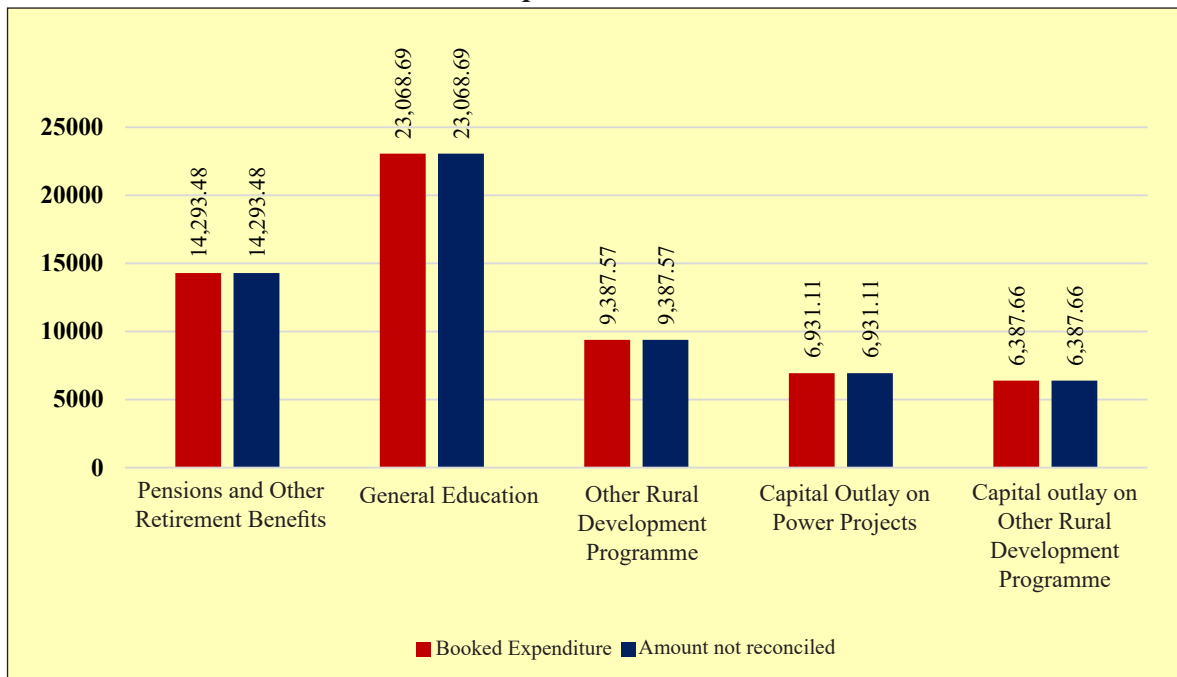
Audit observed, however, that HoDs did not reconcile receipts amounting to ₹ 18,909.57 crore (33.44 per cent) out of total receipts of ₹ 56,548.81 crore under 48 Major Heads and expenditure amounting to ₹ 1,19,427.35 crore (90.50 per cent) out of total expenditure (₹ 1,31,961.51 crore) under 102 Major Heads during 2017-18 with the books of the AG (A&E) (*Appendix 2.15*). Significant cases of non-reconciliation of ₹ 1000 crore and above under receipts and expenditure heads respectively are depicted in **chart 2.3** and **2.4**.

Chart 2.3: Receipts not reconciled



(Source: Data provided by AG (A &E))

Chart 2.4: Expenditure not reconciled



(Source: Data provided by AG (A &E))

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

Review of selected Grants

A review of the budgetary procedures and control over expenditure was conducted (August and November 2018) in respect of Grant No. 21- “Education Department” and Grant No. 48- “Urban Development and Housing Department” on the basis of savings, excess and

magnitude of the Grants and supplementary demands made during the year 2017-18. The results of review are detailed below:

2.7 Grant No.- 21 “Education Department”

Five Major Heads (2202, 2204, 2205, 2251 and 4202) were operated by the Department of Education under Grant No. 21 during the financial year 2017-18 as summarised in the table 2.6.

Table 2.6: Position of summarised appropriation for 2017-18

(₹ in crore)

Budget Estimate	Original Provision	Supplementary Provision	Total Provision (2+3)	Total Expenditure	Savings	Savings in Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue Voted	24,318.99	7,126.09	31,445.08	23,741.87	7,703.21	24.50
Capital Voted	932.40	730.09	1,662.49	1,213.84	448.65	26.99
Total	25,251.39	7,856.18	33,107.57	24,955.71	8,151.86	24.62

(Source: Appropriation Accounts for the year 2017-18)

Scrutiny of records for the year 2017-18 revealed the following:

- Saving of 24.50 per cent (₹ 7,703.21 crore) under revenue voted head showing the improper estimation of provision by the department. The above saving meant for Government Primary and Middle School, National Programme Nutrition supported for Primary Education (MDM), Consolidated Payment to Block Teachers and Physical Teachers, Others Schools, Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Consolidated Payment to Zila Parishad Secondary Teachers, Recoveries of Overpayments etc.
- ₹ 47.43 crore provided as additional funds through re-appropriation under two heads (2202, 2205) was proved unnecessary (*Appendix 2.16*).
- Expenditure of ₹ 3,760.74 crore incurred against the original provision of ₹ 4,202.63 crore resulting in savings of ₹ 441.89 crore. However, despite savings under original provision, supplementary provision of ₹ 441.31 crore was made which was unnecessary (*Appendix 2.17*).
- Proper reconciliation was not carried out by the Department, resulting in differences in figures of expenditure to the tune of ₹ 145.17 crore (*Appendix 2.18*).
- AC bills for ₹ 1,083.07 crore were outstanding for which DC bills were not submitted by concerned DDOs (*Appendix 2.19*).
- 482 UCs worth ₹ 8,886.27 crore pertaining to 2003-04 to 2017-18 were remained outstanding as on 31 March 2018 (*Appendix 2.20*).
- Bihar State Educational Infrastructure Development Corporation (BSEIDC), Patna had been maintaining 69 bank accounts along with a PLA for execution of different schemes as on 31 March 2018. The closing balance in PLA was ₹ 747.43 crore and in bank accounts was ₹ 291.39 crore as on 31 March 2018. Further, as per notification

of April 2015 by Finance Department, GoB, payment was to be made through PLA, but test check of payments made by BSEIDC revealed that amounts were being paid through bank accounts after transferring from PLA during the year 2017-18. On this being pointed out (September 2018), BSEIDC stated (October 2018) that 20 per cent amount was kept in bank for payment to contractors through RTGS while some amounts were sent directly by the department to the bank. It was further stated that all accounts in bank were scheme wise and interest earned thereon were part of that scheme. Reply was not in consonance with the notification as unspent balance in bank was not returned back to PLA and payment was not being made directly through PLA.

2.8 Review of Grant No. 48 - “Urban Development and Housing Department”

There were five Major Heads (2015, 2215, 2217, 2251 and 3475) operated in this Grant in the financial year 2017-18.

Table 2.7: Position of summarised appropriation for 2017-2018

(₹ in crore)							
Sl. No.	Budget Estimate	Original provision	Supplementary provision	Total provision (3+4)	Total Expenditure	Savings (5-6)	Savings as a percentage of total provision
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Revenue (Voted)	4,335.01	712.92	5,047.93	3,236.04	1,811.89	35.89

(Source: Detailed Appropriation Accounts Government of Bihar for the year 2017-18)

Scrutiny of records for the year 2017-18 revealed the following:

- Saving of 35.89 per cent (₹ 1,811.89 crore) under revenue voted head shows the improper estimation of provision by the department. The Department was able to justify the surrender of ₹ 945.62 crore (52 per cent) only.
- There was an excess expenditure of ₹ 18.18 crore appeared in 15 minor/sub-Heads (*Appendix 2.21*).
- An amount of ₹ 117.74 crore was made under the Major Head 2217 through supplementary provision, whereas, only ₹ 532.91 crore was spent against Original Provision of ₹ 928.21 crore.
- An amount of ₹ 51.37 crore was re-appropriated from Head 2217-80-193-0005 to 2217-80-191-0013. However, only ₹ 260.35 crore was spent against Original Provision of ₹ 371.59 crore.
- ₹ 600.64 crore under three Major Heads (2215, 2217 and 3475) out of five Major Heads remained un-utilised and was completely surrendered (*Appendix 2.22*).
- ₹ 971.01 crore (35.34 per cent) was surrendered out of the total provision of ₹ 2,747.52 crore in 42 cases as on 31 March of the year 2018 (*Appendix 2.23*).
- Expenditure to the extent of 74.32 and 34.63 per cent of the total expenditure under Major Heads 2215 and 2217 respectively was incurred in the month of March 2018 as shown in **table 2.8**.

Table 2.8: Rush of Expenditure

(₹ in crore)

Sl. No.	Major Heads	Total expenditure during 2017-18	Expenditure in March 2018	Percentage of total expenditure
(1)	(2)	(3)	(4)	(5)
1	2215 (Water Supply and Sanitation)	339.36	252.21	74.32
2	2217 (Urban Development)	2,878.82	996.86	34.63
Total		3,218.18	1,249.07	38.81

(Source: Monthly Appropriation Account for the month of March 2018)

- Cent per cent expenditure was incurred in March 2018 under 25 Detailed Heads for the schemes such as supply of drinking water, sewerage and drainage, National river conservation plan, civic amenities, Houses for all, 100 smart city mission plan etc., (*Appendix 2.24*).
- Departmental expenditure figure was not reconciled with the figure of actual expenditure booked by AG (A&E) which resulted in differences in figures of expenditure amounting to ₹ 15.53 crore (*Appendix 2.25*).
- Out of ₹ 82.38 crore drawn on 494 AC bills, DC bills were yet to be submitted for ₹ 56.35 crore (*Appendix 2.26*).
- UCs amounting to ₹ 5,045.30 crore was outstanding as on 31 March 2018 (*Appendix 2.27*).