

## **Chapter – II Planning and Financial Management**



## CHAPTER: II

### Planning and Financial Management

*This Chapter discusses the issues in Planning and Financial Management by the Department. The Department has not formulated any perspective plan or priority list for excavation, preservation and conservation of monuments. The action plan for the departmental works were prepared based on final budget approved. During the years 2017-2022, the Department spent 54 per cent of total expenditure on conservation works. However, there was meagre spending towards maintenance of monuments which resulted in neglect of the maintenance activities. Further, 30 per cent of the total expenditure was only towards Administration. Audit also noticed that revenue from sources such as entry fee, parking fee, film shooting fee, etc. was not optimized.*

### Planning

#### 2.1 Non-preparation of Perspective Plan and Annual Conservation Plans

The Department of Archaeology, Museums and Heritage (Department) is responsible for exploration, excavation, preservation and conservation of monuments. A long-term Perspective Plan lays down the path for achieving the mandate of a Department. Considering the rich historical heritage of the State of Karnataka, it is likely that there are sites awaiting exploration for identification of historically significant monuments/remains in different districts/taluks of the State. The Department was therefore expected to have a plan to identify the sites District/Taluk wise and identify the areas to be taken up on priority and eventually cover all the likely sites in the State. As the Department is responsible for these specialised activities that require time, development of capabilities, financial resources, co-ordination with universities/experts and a whole gamut of related actions, a long-term strategic plan was essential to chart and traverse the journey to achieve the given mandate. The long-term plan should have been capable of being devolved into medium term (3-5 years) and annual plans for effective implementation, target setting and monitoring.

Audit reviewed the Planning process adopted by the department relating to it's mandated activities and observed the following:

- i. The Department did not prepare any long-term or medium-term plans for carrying out its mandated activities.
- ii. The Department did not prepare any Annual Conservation Plan as mandated by the National Policy for the Conservation issued by ASI.
- iii. The Department did not have any laid down procedure for assessment and prioritisation of sites for carrying out excavation, preservation and conservation activities in a time bound manner.

- iv. Further, the Department does not have any procedure for getting information from its divisional offices on the priority works to be taken or based on an archaeological assessment made at the divisional levels.
- v. The action plans for the Departmental works relating to excavation, preservation and conservation were prepared annually based on the budget approved by the Legislature.

As the Department did not prepare any plans, Audit could not accurately assess the adequacy of funds projected by the Department at the time of seeking budget grants from the Government every year. Further, Department had also not assessed the requirement of technical manpower for exploration, conservation and maintenance as also watch and ward personnel for protection of monuments (*elaborated at Para No. 2.2 and 4.7*).

The Government in its reply (August 2023) stated that the Audit Recommendation is noted for compliance and the Department agreed to formulate a long-term perspective plan.



Picture No 2.1: The condition of Bahamani Tombs at Holakunda which require immediate conservation, Kalaburagi Taluk, Kalaburagi District.

#### **Recommendation 1:**

- i. **The Department should prepare a long-term plan, medium term plans and annual conservation plans to protect and conserve the identified monuments.**
- ii. **The plans should lay down timelines to identify and explore the important sites District/Taluk wise as also list the areas to be taken up on priority.**
- iii. **The requirement of technical manpower and financial resources should be projected based on the plans to carry-out the mandated activities.**

### Budget allocation and expenditure

2.2 The financial resources required for discharging mandated functions (including administrative expenditure) are provided to the Department through budget allocations by State. The budgeting procedure is mentioned in the Karnataka Budget Manual.

The budget process in the Department generally begins during the month of October. The Department shall submit the estimated details of expenditure, revenue and general costs to the Tourism Department (Administrative Department). The Tourism Department passes them to Finance Department for allocation after scrutiny of the estimates. The Budget Estimates approved by the Finance Department are then included in the annual Budget of the State.

The basis of requirement of funds by the Department and final budget allocation by the Finance Department could not be assessed as relevant budget documents/ funds sought were not made available to Audit except for 2021-22. The basis/ rationale of figures projected in the budget proposals was also not provided to Audit and the lack of plans indicated that the budget proposals were not estimated scientifically.

Audit observed that the Department prepared estimates and submitted them directly to Finance Department without routing them through Tourism Department. On approval of Budget by the Legislature, action plans were prepared for Department's programs based on the amount allocated and forwarded to Administrative Department for approval.

The details of budget allocation and their utilization during 2017-22 for the Commissionerate are shown below:

**Table No. 2.1: Details of budget allocated and their utilization during 2017-22**  
(₹ in crore)

Sl. No.	Year	Allocation	Expenditure	Percentage utilized (%)
1	2017-18	41.45	29.74	71.76
2	2018-19	27.48	24.32	88.52
3	2019-20	26.19	22.90	87.42
4	2020-21	23.01	19.30	83.84
5	2021-22	28.68	27.39	95.50
	<b>Total</b>	<b>146.81</b>	<b>123.65</b>	<b>84.22</b>

Source: Information provided by the Department

In addition to the budgeted allocation, the Department also executed conservation works funded through private donations, contributions from administrative (Tourism Department)/other Government Departments (Endowment Department).

**Table No. 2.2: Expenditure wise breakup of total budget allocated and utilization during 2017-22**

(₹ in crore)					
Sl. No.	Particulars	Allocation	Percentage of allocation to total allocation	Expenditure	Percentage utilized against allocation
1	Administrative Expenditure	41.37	28.18	37.22	89.96
2	Other Expenditure (Including exp on conservation works)	74.42	50.69	66.52	89.39
3	Maintenance Expenditure	1.88	1.28	1.32	70.21
4	Capital outlay (Major works)	20.17	13.74	15.06	74.66
5	Grants in aid to Authorities <sup>5</sup>	8.97	6.11	3.53	39.34
	<b>Total</b>	<b>146.81</b>	<b>100.00</b>	<b>123.65</b>	<b>84.22</b>

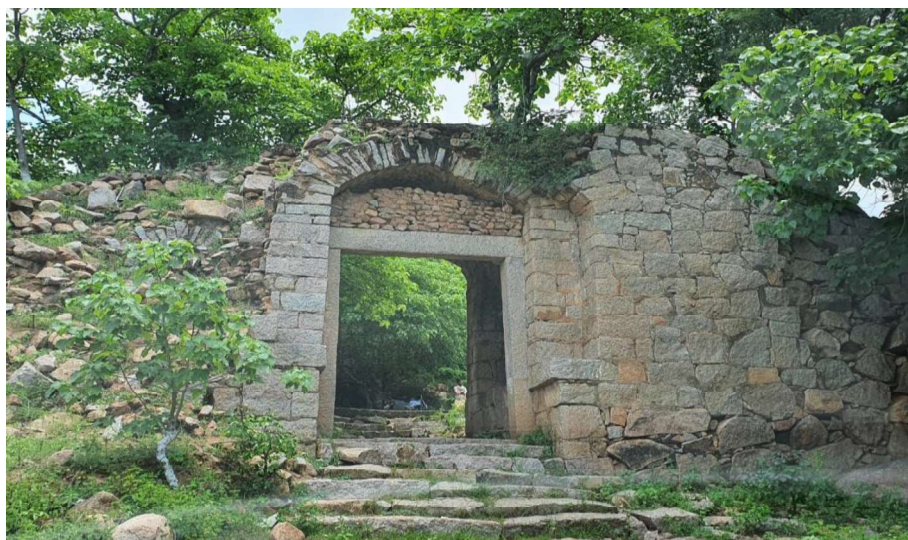
Source: Information provided by the Department

As the primary function of the Department is to conserve and maintain heritage sites, the bulk of expenditure is expected to be on works related to preservation and conservation of monuments with only a small outlay on administration. The budget allocation and expenditure should also reflect the prioritisation of these two activities. Inadequacies in the budgeting process and subsequent utilization of funds were evident from the following:

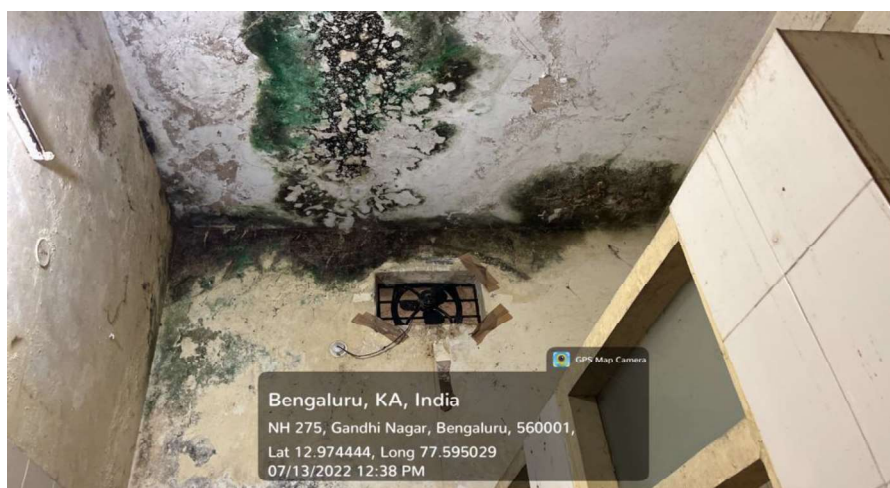
- As against total Budget allocation of ₹ 146.81 crore for the five years ending 2021-22, the Department could utilise only an amount of ₹ 81.58 crore towards core activities like preservation and conservation works. The remaining amount was incurred towards Administrative, maintenance and grants to heritage authorities.
- During the five year period, administrative expenditure accounted for 28.18 *per cent* of total allocation and constituted 30.10 *per cent* of total expenditure. During 2021-22, administrative expenditure constituted 36.27 *per cent* of total allocation and 34.18 *per cent* of expenditure.
- Budget allocation of only ₹ 1.88 crore was made by the Government towards maintenance expenditure for five years, of which ₹ 1.49 crore was meant for museums. Only meagre funds amounting to ₹ 39.00 lakh were allocated for maintenance of monuments.
- The unspent amount of ₹ 23.16<sup>6</sup> crore was drawn and transferred to Personal Deposit (PD) account of the Department with approval of the Government. This included ₹ 7.90 crore allocated under other expenditure, which was mainly meant for conservation works.

<sup>5</sup> Hampi World Heritage Area Management Authority, Lakkundi Heritage Area Development Authority, Sahyadri Heritage Development Authority and Chalukya's Heritage Area Management Authority.

<sup>6</sup> Allocation of ₹ 146.81 crore *minus* Expenditure of ₹ 123.65 crore *equals* ₹ 23.16 crore.



Picture No. 2.2: Non-conservation of Jaladurga Fort, Raichur District



Picture No. 2.3: Condition of roof at Venkatappa Art Gallery, Bengaluru

Thus, there were inadequacies in the budget process such as lack of scientific basis for estimation and meagre allocation to essential maintenance activities.

**Recommendation 2:**

**The Government should prioritise protection of the rich heritage of the State and increase allocation for conservation and maintenance of ancient /heritage monuments.**

***Collection, custody and remittance of revenue receipts***

2.3 The Department generates revenue from various sources like entry fees/parking fees from museums, rent from auditorium /canteen building, fees from filming at monuments, sale of publications, etc.

For the five years period between 2017-22, the Department reported collection and remittance of revenue amounting to ₹ 1.68 crore mainly at museums (₹ 1.55 crore) and at Commissionerate office, Mysore (₹ 0.13 lakh) as indicated in the following table:

**Table No. 2.3: Statement showing details of various revenue collected by the Department during 2017-22**

(₹ in lakh)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	Total
<b>Museums</b>							
1	Entry fees	23.37	24.34	22.21	5.82	12.41	<b>88.15</b>
2	Parking fee	10.88	13.91	12.76	2.22	3.17	<b>42.94</b>
3	Rent from canteen building	2.22	2.04	1.85	0.00	0.00	<b>6.11</b>
4	Auditorium Rent	1.68	1.68	1.57	0.34	0.00	<b>5.27</b>
5	Proceeds from sale of publications	2.78	3.27	3.55	1.21	2.18	<b>12.99</b>
	<b>Sub Total (A)</b>	<b>40.93</b>	<b>45.24</b>	<b>41.94</b>	<b>9.59</b>	<b>17.76</b>	<b>155.46</b>
<b>HO, Mysore</b>							
6	Proceeds from sale of publications	1.23	1.19	1.16	0.65	0.46	<b>4.69</b>
7	Film Shooting	0.59	1.81	1.37	0.90	3.30	<b>7.97</b>
8	Others	0.01	0.00	0.17	0.00	0.00	<b>0.18</b>
	<b>Sub Total (B)</b>	<b>1.83</b>	<b>3.00</b>	<b>2.70</b>	<b>1.55</b>	<b>3.76</b>	<b>12.84</b>
	<b>Grand Total (A+B)</b>	<b>42.76</b>	<b>48.24</b>	<b>44.64</b>	<b>11.14</b>	<b>21.52</b>	<b>168.30</b>

Source: Data provided by Department

Audit observed that:

- No entry fee/parking fee had been fixed for monuments. Entry fee was charged only at Bengaluru (common entry fee for both the museum and the art gallery) and Mangaluru Museums and the parking fee was collected only at Bengaluru. In August 2019, Government approved a proposal sent (May 2019) by the Department seeking revision of entry fee/parking fee and introduction of entry fee/parking fee at other museums. However, none of the museums other than Bengaluru fully complied with the implementation of fee revision order.
- Control registers were not maintained by the Department, duly indicating the details of agencies to whom permission was accorded for filming/documentary in and around monuments, name of the monument, number of days permitted/actually utilized, fees to be collected and details of actual collections.

The Government replied (August 2023) that revised Government Orders on entry fee was implemented presently in all the museums and parking fee was collected where parking space was provided. Further, it is stated that Action would be taken to maintain the control register from the financial year 2023-24 onwards.



***Loss of revenue due to non-implementation of order on entry fees / parking fees***

**2.3.1** Revenue from the entry fees/parking fees collected from the tourists/visitors at Museums is the major source of revenue generated, which is remitted to Government by the Department. As per the records made available to audit, revenue of ₹ 88.15 lakh towards entry fees and ₹ 42.93 lakh towards parking fees was collected during the period from 2017-18 to 2021-22. Prior to August 2019, entry fee was charged only at Bangalore (common entry fee for both the museum and the art gallery) and at Mangalore Museums. The parking fee was collected only at Bangalore since 2017-18. The entry fee charged since 1998 had been revised only once in December 2016 at Bangalore.

The Government approved (August 2019) a proposal (May 2019) seeking revision of entry fee/parking fee at Mangalore Museum and introduction of entry fee/parking fee at remaining museums from the Department. The proposal was justified by reasoning that the move will increase the revenue to the Government which could be utilised for development and maintenance of respective museums, which in turn would improve the footfalls at those museums.

In this regard, Audit observed that:

- The Government Museum at Athani was erroneously excluded both in the Department's proposal and the final order of Government;
- Other than Bangalore, where collection of entry fee/parking fee was already in place, none of the museums have fully complied with the implementation of order. The entry fees were fixed and collected only at Madikeri Museum in Kodagu District from the year 2020-21 and the parking fees were fixed and collected only at Mangalore Museum in Dakshina Kannada District from the year 2021-22.

Department while assuring (June 2022) to comply with the orders, attributed the reasons for non-implementation of order on entry fee/parking fee to shortage of staff with availability of only a curator and outsourced staff at museums and significant shortfall in number of visitors due to Covid. The stated reasons are not acceptable as the delay in implementation of order not only defeated the intent of introduction of entry fees/parking fees at all museums but also resulted in loss of revenue to the Government to the extent of ₹ 12.71 lakh at four museums<sup>7</sup>.

**Recommendation 3:**

**Government should ensure strict compliance with rules so that revenue from different streams is maximized.**

<sup>7</sup> Kittur, Raichur, Kalaburagi and Mysore.

***Non surrender of unspent grant in PD Account***

2.4 Article 286A of Karnataka Financial Code, 1958 (KFC) stipulates Personal Deposit (PD) Accounts created by debit to the Consolidated Fund should be closed at the end of each financial year by transfer of unspent balances in the PD Accounts to the Consolidated Fund.

On a review of PD Account<sup>8</sup> of Commissioner, Mysuru revealed that as on 31<sup>st</sup> March 2022, there was a closing balance of ₹ 12.17 crore. Out of this, an amount of ₹ 3.04 crore (pertaining to the period 2012 to 2018) remained unspent for more than three years. This should have been remitted back to the Consolidated Fund of the State.

**Table No. 2.4: Details of amount held contrary to the provisions**

Sl. No	Particular	Grant received through	Unspent amount (₹ in lakh)	Outstanding since
1	Kakkabbe Palace, Kodagu District	Tourism Dept.	5.00	March 2012
2	Jambunatheshwara Temple	Mines & Geology Dept	30.00	March 2017
3	Magadi Fort, Ramanagara District	Tourism Dept.	100.00	2017
4.	Hampi Bazaar, Hospet	Hampi World Heritage Area Management Authority	4.20	July 2017
5.	Chandramouleshwara Temple, Mysuru	Deputy Commissioner, Mysuru	4.00	December 2018
6.	Huthridurga fort, Tumkuru	Deputy Commissioner, Tumkur	12.37	November 2018
7.	Srirangapatna Oblisque, Delhi Gate and Fort	Archaeology Department	94.00	November 2015
8.	Sri Shambulingeshwara Temple, KR Pete, Mandya	Tourism Dept. (KTIL <sup>9</sup> )	14.92	Work cancelled in 2018
9.	Sri Someshwara Temple, KR Pete, Mandya	Tourism Dept. (KTIL)	39.80	Work cancelled in 2018
<b>Total</b>			<b>304.29</b>	

**Source: Information compiled from data provided by Department**

- The PD Account contained an amount of ₹ 54.72 lakh which was not returned to KTIL. This was released for restoration works which were cancelled in 2018 due to delay in taking up of work.

The Government replied (August 2023) that savings amount of completed works would be utilised for fresh works or any other left out work with the permission of the concerned department. The reply is not acceptable as the grants were received through Government Departments/agencies for execution of specific works and any diversion of such budgetary grants requires approval of legislature as per Karnataka Budget Manual.

<sup>8</sup> PD A/c No.27577A028.

<sup>9</sup> Karnataka Tourism Infrastructure Limited, a Government of Karnataka enterprise.