
Chapter-3

BUDGETARY MANAGEMENT

CHAPTER 3

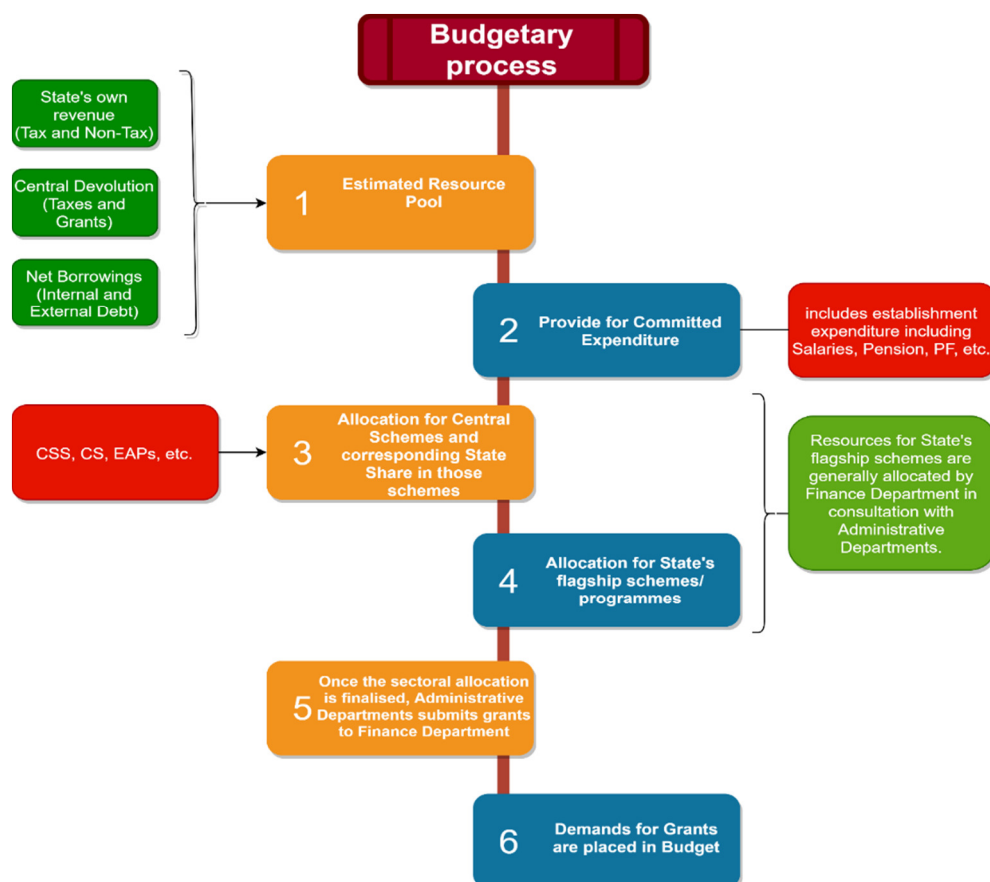
BUDGETARY MANAGEMENT

Introduction

This chapter reviews the integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management, assessing whether decisions taken at the policy level are implemented at the administrative level without diversion of funds. The comments in this Chapter are based on the audit of Appropriation Accounts and provide a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

3.1 Budget Process

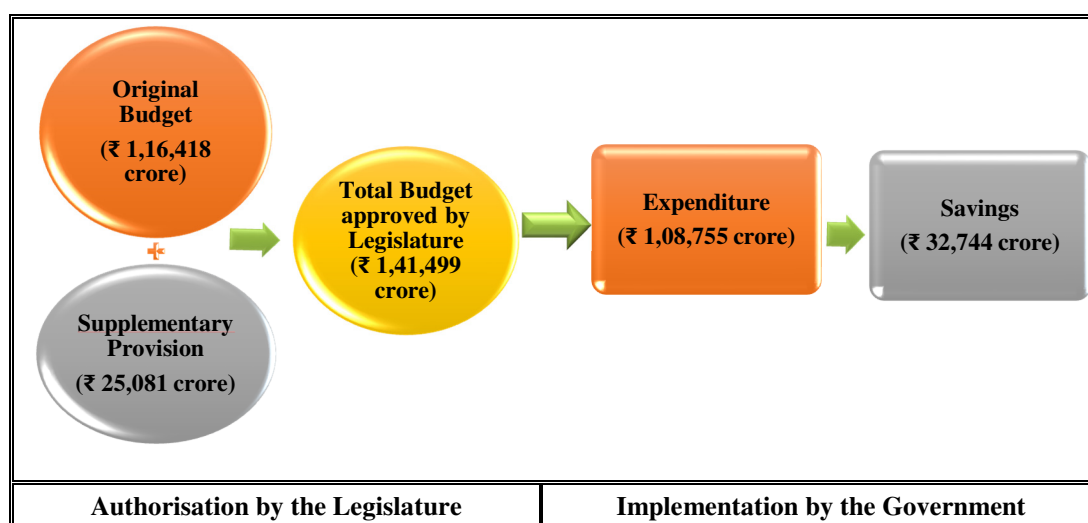
The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issuance (normally in August-September each year) of the Budget Circular by the Finance Department, containing instructions to be followed by all departments,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



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

Apart from supplementary grants, re-appropriations are also used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. The component-wise break-up of the State's budget, for the financial year 2023-24, is shown in **Chart 3.1**.

Chart 3.1: Components of the Budget



Source: Appropriation Accounts

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

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

A summarised position of the total budget provision, disbursement and savings/excess, further bifurcated into the voted/charged components, is given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings/excess during the financial year 2023-24

(₹ in crore)

Nature of expenditure	Total budget		Disbursement		Net Savings (+)/ excess (-)	
	Voted	Charged	Voted	Charged	Voted	Charged
(I) Revenue	94,490.76	8,822.80	69,905.10	7,586.31	24,585.66	1,236.49
(II) Capital	27,112.27	0.00	20,588.22	0.00	6,524.05	0.00
(III) Loans & Advances and Inter State Settlement	4,442.06	6,630.90	4,290.80	6,384.01	151.26	246.89
Total	1,26,045.09	15,453.70	94,784.12	13,970.32	31,260.97	1,483.38

During FY 2023-24, the total savings of ₹ 32,744.35 crore (23.14 per cent of the total budget) were the result of savings of ₹ 25,822.15 crore in 52 voted grants and six appropriations under the Revenue Section and ₹ 6,922.20 crore in 40 grants and one appropriation under the Capital Section. There was an excess expenditure of ₹ 268.02 crore in one grant (15-Pension) under the Revenue Section.

Further, it was observed that, out of the total savings of ₹ 32,744.35 crore during FY 2023-24, savings of ₹ 22,386.79 crore had occurred under 10¹ grants, the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings, ranging from ₹ 11,975.09 crore to ₹ 15,625.57 crore, during FYs 2019-20 to 2022-23.

It was also noticed that, nearly all the savings were surrendered in the month of March 2024, leaving the Finance Department virtually no time to reallocate the funds to other departments that may have required funds. This also defeated the objective of achieving efficiency in budget management.

A detailed review of the Appropriation Accounts of the Government of Jharkhand for the FY 2023-24 revealed that, except in a few cases, reasons for savings/excess against the budget provisions of the schemes/sub-heads had not been furnished by the departments.

3.1.2 Charged and Voted disbursements

Break-up of total disbursement into charged and voted, during the last five years (2019-24), is given in **Table 3.2**.

¹ 18-Food, Public Distribution & Consumer Affairs Department (₹ 1,502.78 crore), 20-Health, Medical Education and Family Welfare Department (₹ 2,277.03 crore), 22-Home, Jail and Disaster Management Department (Home Division) (₹ 1,324.46 crore), 36-Drinking Water and Sanitation Department (₹ 2,069.96 crore), 39-Home, Jail and Disaster Management Department (Disaster Management Division) (₹ 1,708.79 crore), 42-Rural Development Department (₹ 5,167.49 crore), 48-Urban Development & Housing Department (Urban Development Division) (₹ 3,042.49 crore), 55-Rural Works Department (₹ 1,999.10 crore), 59-School Education and Literacy Department (Primary & Adult Education Division) (₹ 1,625.39 crore) and 60-Women, Child Development and Social Security Department (₹ 1,669.30 crore)

Table 3.2: Charged and voted disbursement during 2019-20 to 2023-24

(₹ in crore)

Year	Disbursements		Saving (+)/ Excess (-)	
	Voted	Charged	Voted	Charged
2019-20	61,431.27	9,661.98	23,466.38	205.01
2020-21	65,496.72	8,961.87	21,919.51	-100.02
2021-22	68,196.22	10,874.17	22,206.36	309.44
2022-23	79,345.60	13,637.94	24,134.06	500.14
2023-24	94,784.12	13,970.32	31,260.97	1,483.38

Table 3.2 shows that the budget provisions under the voted section, had not been fully utilised by the departments and significant savings had occurred every year, during the period 2019-20 to 2023-24.

3.1.3 Budget marksmanship

Aggregate Budget Outturn

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

Table 3.3: Budget Outturn during FY 2023-24

(₹ in crore)

Description	Original approved budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(4)
Revenue	84,676.00	77,491.41	-7,184.59
Capital	31,742.00	31,263.03	-478.97
Total	1,16,418.00	1,08,754.44	-7,663.56

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

In the Revenue section, the deviation in outturn compared with BE was (-) 8.48 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 37 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 15 grants, between (+/-) 50 per cent to (+/-) 100 per cent in five grants and equal to or more than 100 per cent in three grants.

In the Capital section, the deviation in outturn compared with BE was (-) 1.51 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 37 grants, between (+/-) 25 per cent to (+/-) 50 per cent in seven grants, between (+/-) 50 per cent to (+/-) 100 per cent in 11 grants and equal to or more than 100 per cent in five grants. No provision was, however, made in respect of 20 grants of the Capital section.

Expenditure Composition Outturn

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

Table 3.4: Expenditure Composition Outturn during FY 2023-24

(₹ in crore)

Description	Original Approved budget	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual & RE*
(1)	(2)	(3)	(4)	(5)	(6)
Revenue	84,676.00	1,03,313.56	77,491.41	18,637.56	-25,822.15
Capital	31,742.00	38,185.23	31,263.03	6,443.23	-6,922.20
Total	1,16,418.00	1,41,498.79	1,08,754.44	25,080.79	-32,744.35

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

In the Revenue section, the deviation in outturn, compared with the REs, was (-) 24.99 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 32 grants, between (+/-) 25 per cent to (+/-) 50 per cent in 19 grants, between (+/-) 50 per cent to (+/-) 100 per cent in nine grants.

In the Capital section, deviation in outturn, compared with the REs, was (-) 18.13 per cent. This was due to deviation between 0 and (+/-) 25 per cent in 38 grants, between (+/-) 25 per cent to (+/-) 50 per cent in seven grants, between (+/-) 50 per cent to (+/-) 100 per cent in 12 grants and equal to or more than 100 per cent in three grants. No provision was, however, made in respect of 19 grants of the Capital section.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act, passed under Articles 204 and 205 of the Constitution of India. Appropriation Accounts are prepared on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of the budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.2.1 Expenditure incurred without budget provision

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution.

As per Article 115(1)(a) and 205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/ State assembly earlier, including a new activity or a new form of investment. 'New Instrument of Service' means relatively large expenditure arising out of important expansion of an existing activity.

Expenditure on New scheme/service should not be incurred without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or as an advance from the Contingency Fund of the State.

No new service or new instrument of service, which was not brought to the notice of the State Assembly earlier, was observed in the State accounts.

Audit scrutiny revealed that in one appropriation, expenditure was incurred without budget provision, in four cases. The total expenditure, incurred without provision, was ₹ 2,450 crore, during the year. Details are given in **Table 3.5**.

Table 3.5: Summary of Expenditure without Budget Provision

Grant/ Appropriation	Expenditure (₹ in crore)	Number of Schemes/ Sub-Heads
14-Repayment of Loans	2,450.00	4
Total	2,450.00	4

As can be seen from **Table 3.5**, substantial expenditure, without budget provision, was incurred on Repayment of Loans during FY 2023-24. Expenditure on Repayments of Loans is a committed expenditure, and the State is expected to be well aware of such liabilities at the time of preparation of the estimates. However, sufficient budgetary provisions were not made by the State to cover the expenditure.

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

During verification of Statement No. 21 of the Finance Accounts, it was observed that, every year, a significant amount had remained as balance under the Minor Head-800 of Major Head-8443. At the end of FY 2022-23, there was a balance of ₹ 257.58 crore under this head. In 2023-24, the deposits under this head were ₹ 0.95 crore (related to miscellaneous receipts) and the disbursement was ₹ 19.67 crore, leading to a balance of ₹ 238.86 crore at the end of the year.

The Government of Jharkhand, in consultation with AG (A&E), had directed (December 2019) that PD accounts be opened in the 24 district treasuries under the Minor Head '106- Personal Deposit Accounts' of Major Head '8443-Civil Deposits' in the name of District Land Acquisition Officers (DLAOs) for payment of compensation for acquisition of land. Further, the amount previously booked under the Minor Head 800 by the DLAOs was required to be transferred to these PD accounts. However, the amount was not fully transferred to the PD accounts leading to a balance of ₹ 238.86 crore under Minor Head 800, as of March 2024.

3.2.3 Unnecessary supplementary grants

Rule 117 of the Jharkhand Budget Manual (BM), states that supplementary grants should be obtained in consultation with the Finance Department to meet new specific items of expenditure or to cover probable excesses in the voted grant. Further, as per comments below Rule 57 of the BM, the officer responsible for preparing the estimates should be sure that there is no provision for a greater sum than that which can be spent.

As detailed in **Appendix 3.1**, out of the total supplementary budget provision of ₹ 25,081 crore, supplementary provisions aggregating ₹ 13,499.10 crore (53.82 *per cent*) in 57 cases (₹ 0.50 crore or more in each case) during the year, proved unnecessary, as the expenditure did not even come up to the level of the original provision which indicates poor budgetary management.

3.2.4 Unnecessary or excessive re-appropriation

‘Re-appropriation’ means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

During verification of grant registers, surrender orders, re-appropriation orders *etc.*, it was observed that, in several schemes, additional funds were provided injudiciously under seven sub-heads, during FY 2023-24 (**Appendix 3.2**), which proved excessive. Despite low expenditure under these schemes/ sub-heads, additional funds of ₹ 5.36 crore was provided through re-appropriation, leading to savings of ₹ 45.73 crore.

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

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

3.2.5.1 Savings of ₹ 100 crore or more

Out of total savings of ₹ 32,744.35 crore, savings of ₹ 31,578.05 crore (96.44 *per cent*) occurred in 29 grants², each amounting to ₹ 100 crore or more (**Appendix 3.3**). No appropriate reasons for such large savings were given by the departmental authorities.

Further, during FY 2023-24, savings in 15 grants under revenue section and five grants under capital section were ₹ 500 crore or more. The reasons for such savings were not furnished by the departments concerned. Huge savings without justification was indicative of unrealistic budget proposals, poor expenditure monitoring mechanism, weak scheme implementation capacity and weak internal control in the departments. Details are given in **Appendix 3.4**.

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

² Of these, 14 grants relate to revenue, 3 relate to capital and 12 relate to both.

Table 3.6: Grants/Appropriations with savings of 30 per cent or more of the budget provision

Sl. No.	Grant	(in per cent)					No. of years*	Budget 2023-24 (₹ in crore)
		2019-20	2020-21	2021-22	2022-23	2023-24		
Revenue								
1	1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	39	65	23	61	48	4	2,316.62
2	26-Labour, Employment and Training Department	50	57	48	31	7	4	907.51
3	36- Drinking Water and Sanitation Department	65	65	73	49	68	5	854.00
4	42- Rural Development Department	36	30	32	44	50	5	9,236.18
5	51- Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare Department (Scheduled Tribe, Scheduled Caste and Backward Class Welfare Division)	30	46	35	25	33	4	3,069.89
6	54-Agriculture, Animal Husbandry and Co-operative Department (Dairy Division)	76	47	46	27	51	4	598.55
Capital								
1	26-Labour, Employment, Training and Skill Development Department	87	58	30	41	90	5	89.32
2	60- Women, Child Development and Social Security Department	98	89	83	64	19	4	163.02

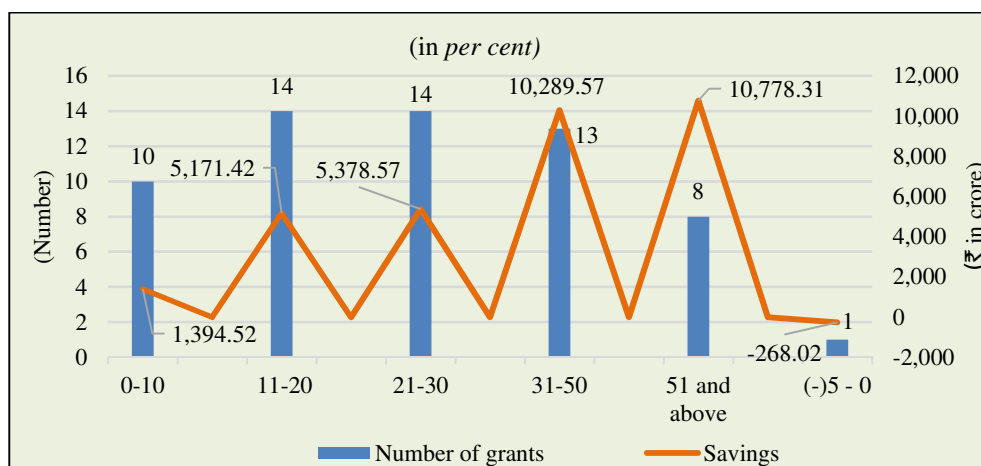
* Number of years with savings of 30 per cent or more

The above mentioned grants were related to social and economic services and the expenditure therein was therefore to be made for development purposes. However, the Government was unable to utilise the provisions year after year, depriving the targeted beneficiaries of the envisaged benefits. As can be seen from the table above, savings under Grant No. 60 were between 64 per cent and 98 per cent during the period 2019-24, except 2023-24, as in this year, funds provided for schemes like implementation of the rights of persons with disabilities, construction works for rehabilitation centers, working women hostels, anganwadi kendras etc., were surrendered instead, without giving any appropriate reasons. Similarly, savings under capital section in Grant No. 26 were between 30 per cent to 90 per cent during the period 2019-24, as the funds provided for schemes for skill development of youth in left wing extremism affected districts, construction of ITIs and allied buildings, construction of labour offices etc., were surrendered, without giving any appropriate reason.

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

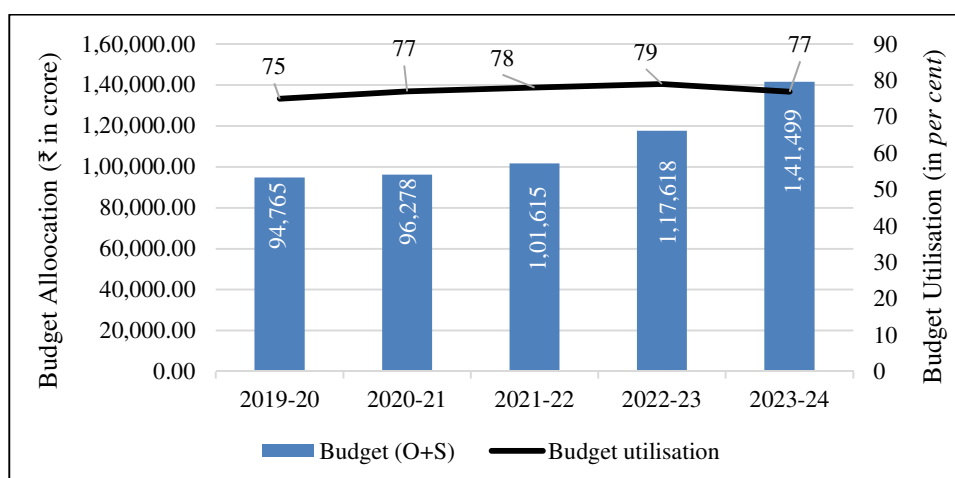
Verification of Appropriation Accounts of the State revealed that, out of total savings of ₹ 32,744.35 crore, savings of ₹ 10 crore or more amounting to ₹ 21,067.59 crore (64.34 per cent) were surrendered, at the end of March 2024, leaving no scope for the Government to utilise the funds on other development schemes, as detailed in **Appendix 3.5**.

Chart 3.2: The distribution of the number of Grants/Appropriations grouped by the percentage of savings along with total savings in 2023-24



As can be seen from **Chart 3.2**, 28 grants had savings between 11 and 30 *per cent*, whereas 21 grants had savings of more than 30 *per cent* in the current year under which eight grants had savings of more than 50 *per cent*. Grant No. 42-Rural Development Department and 48- Urban Development and Housing Department (Urban Development Division) concerned with public welfare also had savings of 52 *per cent* and 62 *per cent* respectively. Further, **Chart 3.3** shows the budget allocation and its utilisation percentage during the last five years.

Chart 3.3: Budget Utilisation during 2019-20 to 2023-24



As can be seen from **Chart 3.3**, the total budget allocation increased from ₹ 94,765 crore in 2019-20 to ₹ 1,41,499 crore in 2023-24. However, utilisation during the last five years remained between 75 *per cent* to 79 *per cent* of the funds allocated indicating that the budgetary process was deficient/unrealistic.

3.2.7 Excess expenditure and its regularisation

Article 205 (1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State a demand for such excess. This implies that, it is mandatory for a State Government to get

excesses over grants/appropriations regularised by the State Legislature for the Financial Year.

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

3.2.7.1 Excess expenditure relating to FY 2023-24

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

As observed in the Appropriation Accounts, excess expenditure of ₹ 268.02 crore was incurred in one appropriation (15- Pension) during FY 2023-24.

3.2.7.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive. Excess disbursement over grant/appropriation amounting to ₹ 3,778.41 crore relating to 10 grants pertaining to FYs 2001-02 to 2022-23 is yet to be regularised by the State Legislature as detailed in **Appendix 3.6**.

Three Grants/Appropriations, 13-Interest payments, 14-Repayment of Loans and 15-Pension accounted for ₹ 889.27 crore (23.54 *per cent*), ₹ 983.49 crore (26.03 *per cent*) and ₹ 1,731.55 crore (45.83 *per cent*) respectively, of the total excess expenditure during FYs 2001-02 to 2022-23, which is yet to be regularised. The excess expenditure of previous years has not been regularised, even after being reported repeatedly in the State Finances Audit Report.

3.2.8 Grants-in-aid for creation of capital assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. Grants-in-aid are given for the specific purpose of supporting an institution, including creation of assets.

During FY 2023-24, ₹ 8,549.30 crore was given as grants to the bodies and authorities of the State for creation of capital assets. However, ₹ 4,433.60 crore of such grant was booked as capital expenditure in the accounts of the State which was against the provisions of Indian Government Accounting Standard (IGAS)-2 related to accounting and classification of Grants-in-aid.

3.3 Comments on transparency of the budgetary and accounting process

3.3.1 Budget projection and gap between estimates and actuals

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on realistic proposals, a good expenditure monitoring mechanism and strong scheme implementation

capacities/internal controls, lead to optimal utilisation of funds on various developmental needs.

Table 3.7: Summarised position of expenditure vis-à-vis budget (Original/Supplementary) provisions during FY 2023-24

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Budget	Expenditure	Net Savings	Surrender during March
Voted	Revenue	77,120.26	17,370.50	94,490.76	69,905.10	24,585.66	All surrenders were made in the month of March
	Capital	21,248.47	5,863.80	27,112.27	20,588.22	6,524.05	
	Loans & Advances	4,168.10	273.96	4,442.06	4,290.80	151.26	
	Total	1,02,536.83	23,508.26	1,26,045.09	94,784.12	31,260.97	
Charged	Revenue	7,555.74	1,267.06	8,822.80	7,586.31	1,236.49	
	Capital	0.00	0.00	0.00	0.00	0.00	
	Public Debt- Repayment	6,325.43	305.47	6,630.90	6,384.01	246.89	
	Total	13,881.17	1,572.53	15,453.70	13,970.32	1,483.38	
Grand Total		1,16,418.00	25,080.79	1,41,498.79	1,08,754.44	32,744.35	

Source: Appropriation Accounts

Table 3.7 shows that out of the total provision of ₹ 1,41,498.79 crore, an amount of ₹ 1,08,754.44 crore was spent by the State departments and ₹ 32,744.35 crore (23.14 *per cent*) remained unutilised during FY 2023-24. The unutilised amount was surrendered in the month of March.

Table 3.8: Original Budget, Revised Estimate and Actual Expenditure during 2019-24

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Original Budget	85,429.00	86,370.00	91,277.00	1,01,101.00	1,16,418.00
Supplementary Budget	9,335.64	9,908.07	10,309.19	16,516.72	25,080.79
Total Budget (TB)	94,764.64	96,278.07	1,01,586.19	1,17,617.72	1,41,498.79
Revised Estimate (RE)	94,764.64	96,278.07	1,01,586.19	1,17,617.72	1,41,498.79
Actual Expenditure (AE)	71,093.25	74,458.59	79,070.38	92,983.52	1,08,754.44
Savings	23,671.39	21,819.49	22,515.81	24,634.20	32,744.35
Percentage of supplementary to original provision	10.93	11.47	11.29	16.34	21.54
Percentage of overall savings to the overall provision	24.98	22.66	22.16	20.94	23.14
RE-AE	23,671.39	21,819.48	22,515.81	24,634.20	32,744.35
(RE-AE) as percentage of TB	24.98	22.66	22.16	20.94	23.14

It can be seen from **Table 3.8** that, during FY 2023-24, supplementary provision of ₹ 25,080.79 crore constituted 21.54 *per cent* of the original provision against 16.34 *per cent* in FY 2022-23. The percentage of overall savings to the overall provision, fluctuated between 20.94 *per cent* and 24.98 *per cent*, during FYs 2019-20 to 2023-24.

Further, as evident from **Table 3.7 & 3.8**, a large part of the budget provisions was not utilised during FYs 2019-20 to 2023-24 and was surrendered by the departmental officers. No appropriate reasons were recorded for these surrenders. These savings were much more than the supplementary provisions of the State, which was indicative of budgetary allocations having been made based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacity/weak internal controls *etc.*

3.3.2 Supplementary budget and opportunity cost

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

Table 3.9: Unnecessary/excessive supplementary provisions leading to savings

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Expenditure	Unutilised funds
Revenue						
1	42- Rural Development Department	7,441.08	1,795.10	9,236.18	4,627.88	4,608.30
2	1- Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)	2,290.14	26.48	2,316.62	1,213.58	1,103.04
3	20- Health, Medical Education and Family Welfare Department	5,986.62	260.83	6,247.45	4,902.85	1,344.60
4	18- Food, Public Distribution and Consumer Affairs Department	2,690.15	527.27	3,217.42	1,775.24	1,442.18
5	59- School Education and Literacy Department (Primary and Adult Education Division)	8,818.95	177.74	8,996.69	7,382.24	1,614.45
6	48-Urban Development and Housing Department (Urban Development Division)	2,452.61	1,598.09	4,050.70	1,256.23	2,794.47
7	56- Panchayati Raj Department	1,961.97	701.03	2,663.00	1,748.18	914.82
8	39- Home, Jail and Disaster Management Department (Disaster Management Division)	1,601.34	1,164.56	2,765.90	1,057.11	1,708.79
Capital						
9	36-Drinking Water and Sanitation Department	4,048.97	911.49	4,960.46	3,467.14	1,493.32
10	55-Rural Works Department	2,871.90	1,146.50	4,018.40	3,348.73	669.67
Total		40,163.73	8,309.09	48,472.82	30,779.18	17,693.64

Non-utilisation of funds allocated to some major schemes

Review of the Appropriation Accounts of the State revealed that there were persistent large savings out of funds allocated for several schemes. Persistent large savings in the last three years had resulted in non-completion of schemes and the envisaged benefits could not be achieved. Some of these schemes are shown in **Table 3.10**.

Table 3.10: Year-wise savings under some major schemes

(₹ in crore)							
Sl. No.	Name of Scheme/Head	2021-22		2022-23		2023-24	
		Budget	Savings	Budget	Savings	Budget	Savings
1-Agriculture, Animal Husbandry and Co-operative Department (Agriculture Division)							
1	2401-00-796-AG-Pradhan Mantri Krishi Sinchayee Yojna	116.22	65.54	125.34	83.83	98.22	59.31
18-Food, Public Distribution and Consumer Affairs Department							
2	3456-00-789-29-Distribution of Dhoti Saree Scheme to BPL families	70.00	35.05	83.50	43.80	83.50	50.57
3	3456-00-796-29-Distribution of Dhoti Saree Scheme to BPL families	255.00	120.21	456.25	306.25	306.25	195.89

Sl. No.	Name of Scheme/Head	2021-22		2022-23		2023-24	
		Budget	Savings	Budget	Savings	Budget	Savings
20-Health, Medical Education and Family Welfare Department							
4	2210-01-796-39-National Health Mission (NHM)-GIA	640.34	435.47	228.80	65.02	429.00	167.92
5	2210-02-200-27-GIA to National Ayush Mission	55.00	27.64	133.18	31.60	132.06	97.01
42-Rural Development Department							
6	2501-06-789-05-Swarna Jayanti Gram Swarojgar Yojana -for General	290.00	68.57	279.57	66.35	259.27	109.38
7	2501-06-796-05-Swarna Jayanti Gram Swarojgar Yojana -for General	210.00	47.80	136.53	38.73	218.40	94.11
8	2505-01-702-02-Indira Awas Yojana Scheme -for General	1,101.35	544.21	2,073.85	1,127.42	1,735.51	1,495.45
9	2505-01-789-02-Indira Awas Yojana Scheme -for General	556.17	67.83	634.85	258.59	531.28	389.73
10	2505-01-796-02-Indira Awas Yojana Scheme -for General	1,354.75	822.28	1,523.64	1,000.26	1,275.07	1,123.95
11	2505-02-101-04-Overall Rural Employment Scheme-National Rural Employment Guarantee Act	655.41	185.27	637.00	194.66	617.40	240.78
12	2505-02-789-04-Overall Rural Employment Scheme-National Rural Employment Guarantee Act	216.27	62.58	195.00	83.46	189.00	73.71
13	2505-02-796-04-Overall Rural Employment Scheme-National Rural Employment Guarantee Act	473.30	133.03	468.00	200.30	453.60	176.90

From the above table, it can be seen that there were huge savings in the schemes under social and economic services like Pradhan Mantri Krishi Sinchayee Yojana, Distribution of Dhoti Saree Scheme to BPL families, Swarna Jayanti Gram Swarojgar Yojana, Indira Awas Yojana Scheme for General *etc.*, during the last three years. Besides highlighting the issue of effectiveness of the budgetary procedure followed by the State, this also raises the risk of potential beneficiaries of these scheme being deprived of their benefits.

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

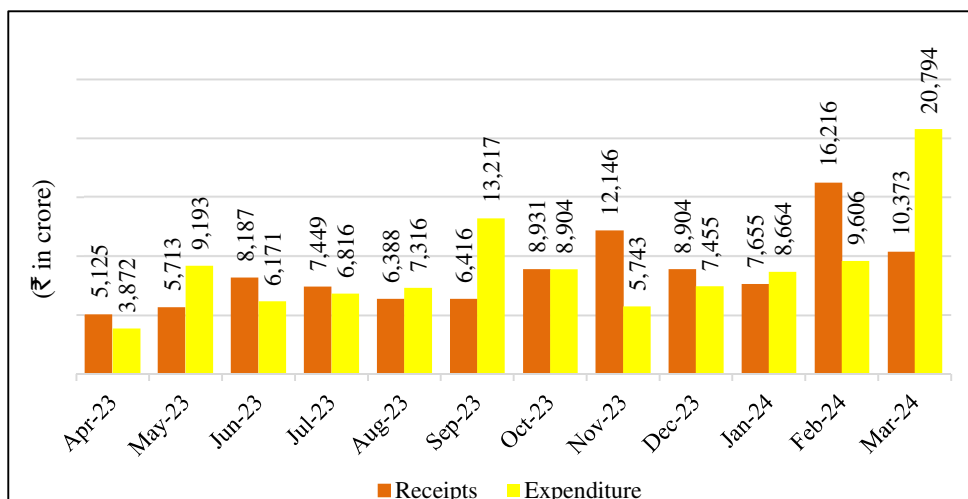
Policy initiatives taken up by Government and schemes incorporated in the budget were not executed, which deprived the beneficiaries of the intended benefits. Reasons for non-utilisation of the provisions were not given by the departments. Savings in such schemes deprived other departments of funds which they could have utilised. In 408 cases, 100 *per cent* of the provisions (₹ one crore and above in each case), amounting to ₹ 7,557.23 crore, were surrendered, resulting in non-implementation of schemes/programmes, as detailed in **Appendix 3.7**.

3.4 Rush of expenditure

Rule 113 of the Jharkhand Budget Manual stipulates that rush of expenditure in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month, arising out of unanticipated heavy expenditure in that particular month.

During FY 2023-24, ₹ 20,794 crore, comprising 19.12 *per cent* of the total expenditure (₹ 1,08,755 crore), was spent in March 2024. The high percentage of expenditure in March indicates that uniform flow of expenditure, a primary requirement of budgetary control, had not been maintained. Rush of expenditure in the closing month of the financial year is against the provisions of the Budget Manual and entails the risk of misuse of public money. Month-wise receipts and expenditure during FY 2023-24 are shown in **Chart 3.4**.

Chart 3.4: Monthly receipts and expenditure of the State during FY 2023-24



Further, it was observed, that out of the total expenditure of ₹ 25,208.86 crore under 39 major heads, expenditure of 50 *per cent* and above, amounting to ₹ 15,668.71 crore (62.16 *per cent*), had been incurred in the last quarter of the year, as detailed in **Appendix 3.8**. Of this, an expenditure of ₹ 8,603.74 crore (34.13 *per cent* of the total expenditure under these heads) was incurred in the month of March 2024.

It was observed that ₹ 13.32 crore was drawn through AC bills in March 2024, of which ₹ 6.79 crore was drawn on the last two days of the financial year mainly by the Home, Jail and Disaster Management Department and Health & Family Welfare Department. Drawal of AC bills decreased significantly during the year due to regular reporting and follow up with the State Government.

3.5 Audit of Budgetary provision of Grant No. 19– Forest, Environment and Climate Change Department

3.5.1 Introduction

The Forest, Environment and Climate Change Department, Jharkhand implements the forestry and environmental policies and programs of the State. The main function of the Department is to conserve and develop the State's natural resources such as forests, wildlife and biodiversity as well as to take measures to reduce pollution.

Details of budget provision, expenditure and savings during FY 2023-24 of the Department, is given in **Table 3.11**.

Table 3.11: Details of budget provision, expenditure and savings during FY 2023-24
(₹ in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	15.00	1,147.71	1,162.71
Supplementary Grant	20.00	637.49	657.49
Total Grant	35.00	1,785.20	1,820.20
Expenditure	32.72	1,127.83	1,160.55
Savings	2.28	657.37	659.65
Surrender	0.00	584.09	584.09
Lapse	2.28	73.28	75.56

Source: Appropriation Accounts of the Government of Jharkhand for FY 2023-24

3.5.2 Scope of Audit

The Departmental Secretariat of Forest, Environment & Climate Change Department and 15 units³ in seven⁴ selected districts were covered in audit.

Audit findings

3.5.3 Persistent Savings

Review of the trends of the Department's budget and expenditure during the last four years (2020-24) revealed that the Department had persistent savings during the period and the percentage of savings, in comparison to the budget estimates, was very high in all the years, as shown in **Table 3.12**.

Table 3.12: Trend of savings during FYs 2020-21 to 2023-24

Years	Section	Original	Supplementary	Total	Expenditure	Savings	Savings (per cent)
2020-21	Revenue	875.10	134.48	1,009.58	725.80	283.78	28.11
	Capital	0.00	0.00	0.00	0.00	0.00	
	Total	875.10	134.48	1,009.58	725.80	283.78	
2021-22	Revenue	869.21	139.27	1,008.48	742.18	266.30	26.41
	Capital	0.00	0.00	0.00	0.00	0.00	
	Total	869.21	139.27	1,008.48	742.18	266.30	
2022-23	Revenue	1,019.95	245.42	1,265.37	1,024.81	240.56	19.01
	Capital	0.00	0.00	0.00	0.00	0.00	
	Total	1,019.95	245.42	1,265.37	1,024.81	240.56	
2023-24	Revenue	1,147.71	637.49	1,785.20	1,127.83	657.36	36.24
	Capital	15.00	20.00	35.00	32.72	2.28	
	Total	1,162.71	657.49	1,820.20	1,160.55	659.64	

Source: Appropriation Account 2020-24

As shown in the above table, the Department had persistent savings ranging between 19.01 and 36.24 *per cent* during FYs 2020-21 to 2023-24 which was not only indicative of the inability of the Department to utilise the funds but also revealed non-completion of State schemes approved by the Legislature.

3.5.4 Avoidable Supplementary Provision

Rule 117 of the Jharkhand Budget Manual (BM), states that supplementary grants should be obtained in consultation with the Finance Department to

³ (i) Divisional Forest Officer (DFO), Latehar (ii) DFO, Palamu (iii) DFO, Jamshedpur (iv) DFO, Gumla (v) DFO, Dumka (vi) DFO, Giridih East (vii) DFO, Giridih West (viii) DFO, Ranchi (ix) DFO, Social Forestry, Latehar (x) DFO, Social Forestry, Dumka (xi) DFO, Social Forestry, Ranchi (xii) DFO, Buffer Area Tiger Project, Palamu (xiii) DFO, Core Area Tiger Project, Palamu (xiv) Deputy CF & Regional Director, Elephant Project, Jamshedpur and (xv) DFO, World Food Programme (Tasar), Dumka

⁴ (i) Latehar (ii) Palamu (iii) East Singhbhum (iv) Gumla (v) Dumka (vi) Giridih (vii) Ranchi

meet new specific items of expenditure or to cover probable excesses in the voted grant. Further, as per comments below Rule 57 of the BM, the officer responsible for preparing the estimate should ensure that there is no provision for a greater sum than that which can be spent.

The Department had utilised only ₹ 278.92 crore out of original provision of ₹ 389.10 crore under 10 heads leading to savings of ₹ 110.18 crore during FY 2023-24. Despite non-utilisation of the original provision, additional funds amounting to ₹ 83.85 crore had been provided to those schemes through supplementary budget in violation of the provisions of the BM. Details are given in **Table 3.13**.

Table 3.13: Avoidable supplementary provision

(₹ in crore)

Sl. No.	Head	Original	Expenditure out of original provision	Supplementary Provision
1	2406-01-004-02	5.34	4.23	0.47
2	2406-01-101-01	148.93	125.56	1.66
3	2406-01-101-02	6.54	4.97	0.06
4	2406-01-101-06	27.64	21.33	0.05
5	2406-01-101-60	20.00	17.39	1.50
6	2406-02-110-01	19.67	18.33	0.07
7	2406-04-103-02	95.59	49.19	30.82
8	2406-04-103-04	48.00	32.56	37.17
9	2406-04-103-06	7.49	0.40	5.79
10	2406-04-103-07	9.90	4.96	6.26
Total		389.10	278.92	83.85

Source: Appropriation Accounts 2023-24

3.5.5 Non-utilisation and surrender of the entire budget provision

Scrutiny of records revealed that budget provision of ₹ 16.10 crore under eight sub-heads, made by the Department for FY 2023-24, had not been utilised and the entire provision had been surrendered, as shown in **Table 3.14**.

Table 3.14: Surrender of entire budget provision

(₹ in crore)

Sl. No.	Head	Budget provision	Amount surrendered
1	2406-01-101-56- Jharkhand State Climate Change Action Unit	0.10	0.10
2	2406-01-101-72- Jharkhand State Forest Development Corporation Limited Yojana	4.00	4.00
3	2406-02-110-03- Elephant Project (Central Scheme)	2.40	2.40
4	2406-02-110-03- Elephant Project (State Scheme)	1.60	1.60
5	2406-02-110-08- Non-recurring Expenditure under Palamu Tiger Project (Central Scheme)	2.40	2.40
6	2406-02-110-08- Non-recurring Expenditure under Palamu Tiger Project (State Scheme)	1.60	1.60
7	2406-02-110-21- Tiger Project Palamu (Central Scheme)	2.00	2.00
8	2406-02-110-21- Tiger Project Palamu (State Scheme)	2.00	2.00
Total		16.10	16.10

Source: Appropriation Accounts 2023-24

3.5.6 Surrender of funds at the fag end of the financial year

As per Rule 112 of the BM, all anticipated savings should be surrendered to the 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/she can surrender.

Audit of records of the Department revealed that against the budget provision of ₹ 1,820.20 crore (₹ 35.00 crore under the capital head and ₹ 1,785.20 crore under the revenue head), ₹ 657.36 crore (under the revenue head), was surrendered by the Department at the fag end of the financial year.

Further, scrutiny of records of the test-checked districts revealed that ₹ 9.28 crore had been surrendered at the fag end of the financial year, as detailed in **Appendix 3.9**. The delay in surrender of funds was attributed to reasons such as anticipation of expenditure and late allocation of funds *etc.*

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

3.5.7 Rush of expenditure

As per Rule 113 of the BM, 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.

Out of the total expenditure of ₹ 1,160.55 crore in FY 2023-24, ₹ 638.79 crore (55 *per cent*) had been spent in the month of March 2024. Further, in the test-checked divisions/DDOs, the expenditure had ranged between 15.48 and 58.25 *per cent* in the month of March, in contravention of financial rules, as detailed in **Appendix 3.10**.

3.5.8 Unutilised amount not surrendered

Scrutiny revealed that, out of the savings of ₹ 657.36 crore under the revenue section, ₹ 584.09 crore had been surrendered, while the remaining amount of ₹ 73.27 crore had lapsed at the end of the financial year. Non-surrender of anticipated savings (₹ 73.27 crore) on time was against Rule 112 of the Budget Manual.

3.5.9 Non-utilisation and surrender of budget provision of ₹ 11 lakh

As per the note below Rule 57 of the Budget Rules, the officers responsible for preparing the estimates should ensure that no provision is made for an amount more than that which can be spent.

During test-check of records of the office of the Divisional Forest Officer, Social Forestry Division, Dumka, it was observed that the division received (20.12.2023) ₹ 75,45,928 for various works and development of basic structures of the permanent nurseries. It was further seen that out of ₹ 75,45,928, provision of ₹ 44,01,570 had been made for maintenance of four permanent nurseries.

It was, however, seen that the Division had only three permanent nurseries, against which estimate of ₹ 33,01,176 (₹ 11,00,393 each) had been prepared by the Division and sent to the Department. During 2023-24, ₹ 33,01,176 was spent on three permanent nurseries and ₹ 11,00,393 lapsed at the end of the financial year. Similarly, during 2022-23, an amount of ₹ 10,48,516 had lapsed as allotment was received against four permanent nurseries.

3.5.10 Excess expenditure against budget provision of ₹ 0.94 crore

During scrutiny of appropriation account for the year 2023-24, it was noticed that an expenditure of ₹ 27.85 crore was incurred out of a budget provision of ₹ 26.91 crore under the head 2406-01-070-01- Roads and bridges of Grant No. 19. Hence, excess expenditure of ₹ 0.94 crore was incurred against the budget provision for reasons not available on records.

3.6 Budgetary Process for Grant No. 48– Urban Development and Housing Department (Urban Development Division)**3.6.1 Introduction**

Urban Development and Housing Department provides civic amenities in urban areas and extends support through Urban Local Bodies to the deprived section of the society as well as shares the responsibility of ensuring planned development of the city and its outskirts. Introduction of the twelfth schedule in the Constitution through the 74th Constitutional Amendment Act has brought various urban activities and services such as urban planning including town planning, regulation of land use, planning for economic and social development, safeguarding the interests of weaker sections of society, providing civic amenities, promotion of cultural, education and aesthetic aspects *etc.* within the purview of Urban Local Bodies.

There are 50 Urban Local Bodies in the State, consisting of nine Municipal Corporations, 18 Nagar Parishads, 22 Nagar Panchayats and one Notified Areas Committee (NAC), responsible for implementation of urban development activities in their respective areas.

To meet the above-mentioned responsibilities, the State Government provided a budget of ₹ 4,910.33 crore during 2023-24 to the Department. Against the budget provision, only an amount of ₹ 1,867.84 crore (38 *per cent*) was spent resulting in total savings of ₹ 3,042.49 crore (62 *per cent*). Further, out of the total savings of ₹ 3,042.49 crore, an amount of ₹ 2,977.63 crore was surrendered and the balance of ₹ 64.86 crore was allowed to lapse,

during the year 2023-24. Details of the budget and its utilisation are given in **Table 3.15**.

Table 3.15: Details of budget provision, expenditure and savings during 2023-24

(₹ in crore)

Details	Capital Voted	Revenue Voted	Total
Original Grant	852.98	2,452.61	3,305.59
Supplementary Grant	6.65	1,598.09	1,604.74
Total Grant	859.63	4,050.70	4,910.33
Expenditure	611.61	1,256.23	1,867.84
Saving	248.02	2,794.47	3,042.49
Surrender	247.94	2,729.69	2,977.63
Lapse	0.08	64.78	64.86

Source: Appropriation Accounts of the Government of Jharkhand for the year 2023-24.

In view of the final savings of ₹ 3,042.49 crore (revenue: ₹ 2,794.47 crore and capital: ₹ 248.02 crore), supplementary grant of ₹ 1,604.74 crore (revenue: ₹ 1,598.09 and capital: ₹ 6.65 crore) proved wholly unnecessary and could have been restricted to token amounts, where necessary.

3.6.2 Scope of Audit

The Secretariat of the Urban Development and Housing Department (Urban Development Division), one⁵ Directorate and 11 units⁶ in six⁷ selected districts, were covered in audit.

Audit findings

3.6.3 Persistent Savings

Analysis of the budget and expenditure trends during the last four years (2020-24) revealed that the Department had persistent savings in these years with the percentage of savings in comparison to the budget estimates remaining very high, as detailed in **Table 3.16**.

Table 3.16: Trend of savings during FYs 2020-21 to 2023-24 in the Urban Development and Housing Department (Urban Development Division)

(₹ in crore)

Years	Heads	Original	Supplementary	Total	Actual Expenditure	Saving	Percentage of savings
2020-21	Revenue	2,505.74	632.23	3,137.97	2,882.59	255.38	8
	Capital	37.00	0.00	37.00	22.91	14.09	
	Total	2,542.74	632.23	3,174.97	2,905.50	269.47	
2021-22	Revenue	2,796.13	158.24	2,954.37	2,440.19	514.18	18
	Capital	23.65	0.00	23.65	16.27	7.38	
	Total	2,819.78	158.24	2,978.02	2,456.46	521.56	
2022-23	Revenue	2,076.11	884.52	2,960.63	1,969.22	991.41	31
	Capital	967.42	0.00	967.42	723.79	243.63	
	Total	3,043.53	884.52	3,928.05	2,693.01	1,235.04	
2023-24	Revenue	2,452.61	1,598.09	4,050.70	1,256.23	2,794.47	62
	Capital	852.98	6.65	859.63	611.61	248.02	
	Total	3,305.59	1,604.74	4,910.33	1,867.84	3,042.49	

Source: Appropriation Account 2020-24

⁵ Directorate of State Urban Development Agency (SUDA)

⁶ (i) Jharkhand Urban Infrastructure Development Company Ltd. (JUIDCO);
(ii) Municipal Corporation (MC), Deoghar (iii) MC, Dhanbad (iv) MC, Ranchi;
(v) Municipal Council (M Coun), Chirkunda (vi) M Coun, Dumka (vii) M Coun, Jugsalai;
(viii) Nagar Panchayat, Basukinath (ix) Nagar Panchayat, Hariharganj;
(x) Notified Area Committee, Jamshedpur and (xi) Office of the Municipal Commissioner, Mango

⁷ (i) Deoghar (ii) Dhanbad (iii) Dumka (iv) Jamshedpur (v) Palamu (vi) Ranchi

As shown in the table, the Department had persistent savings ranging between eight and 62 *per cent* during 2020-21 to 2023-24 which was not only indicative of the inability of the Department to utilise the funds but also showed non-completion of schemes included in the budget during the year.

3.6.4 Delay in submission of Budget Estimates

Rule 62 of Jharkhand Budget Manual provides the budget calendar for correct and timely preparation of the budget of the State. The Finance Department, GoJ, revised (November 2022) the prescribed dates for submission of estimates of establishment expenditure and general budget, after approval of the Minister concerned, to 15 December 2022 and 06 January 2023 respectively, against the stipulated date of 1 October in the Budget Manual.

It was noticed that Budget Estimates (BEs) for establishment expenditure were submitted timely *i.e.* on 14 December 2022 whereas the BEs for the general budget were submitted to the Finance Department only on 11 February 2023 *i.e.*, with a delay of 36 days against the target date prescribed by the Finance Department. Details are given in **Table 3.17**.

Table 3.17: Details of submission of budget estimates

Sl. No.	Budget estimates for	Prescribed date for submission of BEs	Date of upload of BEs by department	Delay in submission of BEs
1	Establishment expenditure	15.12.2022	14.12.2022	No delay
2	General budget	06.01.2023	11.02.2023	36 days

3.6.5 Budget Estimates prepared without obtaining requirements

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

During audit, it was noticed that provisions of BM had not been followed and the estimates for establishment expenditure and general budget (State, Central and Centrally Sponsored Schemes) had been prepared at the Department level, without obtaining/ assessing the actual requirements from the field DDOs, who are finally responsible for executing various works and utilising the funds. The huge savings of ₹ 3,042.49 crore (62 *per cent*), out of the total provision of ₹ 4,910.33 crore, during FY 2023-24, can be attributed to preparation of budget estimates without obtaining requirements from field DDOs.

3.6.6 Non-submission of Estimates of revenue

Finance Department, GoJ, revised the prescribed date for submission of estimates of revenue from 1 October 2022 to 06 January 2023. However, estimates of revenue were not prepared and submitted by the Department.

3.6.7 Avoidable Supplementary Provision

Rule 117 of the Jharkhand Budget Manual (BM), states that supplementary grants should be obtained in consultation with the Finance Department to meet new specific items of expenditure or to cover probable excesses in the voted grant. Further, as per comments below Rule 57 of BM, the officer responsible for preparing the estimates should ensure that there is no provision for a greater sum than that which can be spent.

During FY 2023-24, it was noticed that, in 28 out of 115 schemes, out of the original provision of ₹ 107.63 crore, the Department had utilised only ₹ 100.55 crore, leading to savings of ₹ 7.08 crore. Despite the non-utilisation of original provisions, additional funds, amounting to ₹ 1,250.80 crore, had been provided to those schemes through the supplementary budget, in violation of the provisions of the BM. Details are given in **Appendix 3.11**.

3.6.8 Lapse of funds due to non-surrender of savings

As per Rule 112 of the BM, all anticipated savings should be surrendered to the 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.

Audit observed that against the budget provision of ₹ 311.04 crore under 11 sub-heads, only an amount of ₹ 230.15 crore (74 *per cent*) was spent leaving a total saving of ₹ 80.89 crore (26 *per cent*), out of which an amount of ₹ 16.03 crore was surrendered and balance of ₹ 64.86 crore was allowed to lapse at the end of the financial year, as detailed in **Table 3.18**.

Table 3.18: Lapse amount due to non-surrender of savings

(₹ in crore)

Sl. No.	Head	Original	Supple-mentary	Total provision	Expenditure	Savings	Surrender	Lapse
1	2217-03-191-01	74.81	33.68	108.49	74.81	33.68	0.0	33.68
2	2217-80-191-34	77.00	0.00	77.00	76.63	0.37	0.00	0.37
3	2217-80-191-36	6.00	0.00	6.00	3.16	2.84	2.53	0.31
4	2217-80-191-40	13.72	0.74	14.46	12.65	1.81	1.68	0.13
5	2217-80-191-93	2.00	0.00	2.00	1.92	0.08	0.04	0.04
6	2217-80-191-A1	2.50	0.00	2.50	0.18	2.32	2.28	0.04
7	2217-80-192-40	6.20	0.42	6.62	4.21	2.41	2.38	0.03
8	2217-80-789-33	12.00	0.00	12.00	9.01	2.99	2.89	0.10
9	2217-80-789-34	19.00	0.00	19.00	18.92	0.08	0.00	0.08
10	2217-80-796-89	60.00	0.00	60.00	26.64	33.36	3.36	30.00
11	6217-60-193-03	2.01	0.96	2.97	2.02	0.95	0.87	0.08
Total		275.24	35.80	311.04	230.15	80.89	16.03	64.86

Non-surrender of anticipated savings (₹ 64.86 crore) was against the Rule 112 of the Budget Manual.

3.6.9 Non-utilisation of entire budget provision

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

Scrutiny of records revealed that a budget of ₹ 656.70 crore had been provided, under 22 sub-heads, during FY 2023-24, based on estimates sent by the Department. However, the entire amount had not been utilised and had been surrendered/re-appropriated. It was further noticed that out of ₹ 656.70 crore, budget provision of ₹ 335 crore (₹ 200 crore under AMRUT and ₹ 135 crore under 15th Finance Commission grants) remained unutilised due to non-receipt of Central share whereas, ₹ 135 crore provided for construction of building for Government employees was surrendered without providing any specific reason. The surrenders were made at the fag end of the financial year, as detailed in **Appendix 3.12**.

3.6.10 Rush of expenditure

As per Rule 113 of the BM, rush of expenditure, particularly in the closing months of the financial year, will ordinarily be regarded as a breach of financial regularity. Hence, rush of expenditure, particularly in the closing month, should be avoided.

It was observed that, out of the total expenditure of ₹ 1,867.84 crore, expenditure of ₹ 824.88 crore (44 *per cent*) had been incurred in the month of March 2024. Scrutiny further revealed that, in 31 out of the 115 sub-heads, expenditure (₹ 767.92 crore) in the month of March ranged between 30 and 100 *per cent* of the total expenditure during the year. Further, in the test-checked DDOs, it was observed that expenditure under various heads ranged between 36 to 100 *per cent* in the month of March, as detailed in **Appendix 3.13**.

3.6.11 Loans given by the Government

As per instructions of the State Government, loans sanctioned to the Urban Local Bodies (ULBs) for payment of salaries to their permanent employees have to be repaid in 20 equal installments after five years from the date of withdrawal of the amount. Interest was payable to the Government at the rate of 13 *per cent* on the sanctioned loan from time to time, after one year of withdrawal of the amount.

Scrutiny of Finance Accounts revealed that the ULBs had not repaid ₹ 453.08 crore provided by State Government as loans for payment of salaries to their permanent employees under the Major Head 6217. Further, it was noticed that ₹ 104.36 crore (Principal- ₹ 19.67 crore & Interest- ₹ 84.69 crore) was due for payment as on 31 March 2024.

3.6.12 Audit of Personal Ledger Accounts**3.6.12.1 Non-utilisation and parking of funds in Personal Ledger Accounts ₹ 1,902.05 crore**

As per Rule 174 of the Jharkhand Treasury Code, no money shall be drawn from the treasury in anticipation of demands or to prevent lapse of budget grants. Further, as per rule 334 of JTC, the deposit administrator shall

review all Personal Deposit Accounts at the end of each financial year. Money lying unspent after two consecutive financial years should not be spent any further and balance should be transferred as reduction of expenditure to the concerned service head from which the money was withdrawn.

During scrutiny of records in the test-checked units, it was noticed that an amount of ₹ 1,902.05 crore was parked in Personal Ledger (PL) Accounts (8448-Deposit of Local fund), as of 31 March 2024, as shown in **Table 3.19**.

Table 3.19: Amount parked in PL Accounts as on 31 March 2024

(₹ in crore)

Sl. No.	Name of Agencies/Offices	Amount	Amount lying unspent for more than three years
1	JUIDCO, Ranchi	1,187.40	214.38
2	State Urban Development Agency (SUDA)	3.04	Not available
3	Ranchi Municipal Corporation	268.08	79.31
4	Dhanbad Municipal Corporation	276.67	71.62
5	Chirkunda Municipal Council, Dhanbad	8.14	1.63
6	Hariharganj Nagar Panchayat, Palamu	2.27	Not available
7	Jugsalai Municipal Council, Jamshedpur	4.63	0.32
8	Notified Area Committee (NAC), Jamshedpur	69.29	9.90
9	Mango Municipal Corporation, Jamshedpur	42.17	7.16
10	Deoghar Municipal Corporation	24.53	2.48
11	Nagar Parishad, Dumka	10.10	Not available
12	Nagar Panchayat, Basukinath, Dumka	5.73	Not available
Total		1,902.05	386.80

Further, examination of 67 schemes in the test-checked units revealed that the opening balance of ₹ 365.07 crore as on 01 April 2021 in these schemes had remained unutilised as of 31 March 2024, which is against the codal provisions. Details of the test-checked schemes are given in **Appendix 3.14**.

3.6.12.2 Closing balances of PL Accounts not matched with data maintained by PAG (A&E)

As per Rule 353 of JTC, the Treasury Officer should prepare and send with his monthly accounts a plus and minus memorandum for all deposits and local funds to the Principal Accountant General (A&E). The actual credits and the actual debits in his books as well as any credits or debits intimated by the Principal Accountant General should only be entered in proper columns, and then the closing balance as shown in the previous month's memorandum should be carried forward as the opening balance and thereupon closing balance of the month should be worked out. All this should be done independently and without reference to the administrators of the funds. Before submission of the memorandum to the Accountant General, verification with the passbook figures should be made and a certificate to that effect recorded on the body of the memorandum. If any discrepancies are noticed in the course of this verification, steps should be taken at once to reconcile them and a note should be made on the

memorandum as to how the reconciliation has been effected or what steps have been taken thereof.

Scrutiny of records in selected units revealed that the closing balance, as on 31 March 2024, as per data available with units was ₹ 1,902.05 crore whereas the closing balance as per data (plus & minus memorandum) available with the office of the PAG (A&E) was ₹ 1,344.92 crore. Hence, there was a difference of ₹ 557.13 crore between the closing balances provided by the units and the closing balances provided by the treasuries to PAG (A&E) office. Details are given in **Table 3.20**.

Table 3.20: Details of closing balances of PL Accounts as of 31 March 2024

(₹ in crore)

Sl. No.	Name of Offices/Units	Closing Balances (CB)		
		As per data available with units	As per data provided by treasuries to PAG (A&E) office	Differences in CB
1	JUIDCO, Ranchi	1,187.40	561.66	625.74
2	State Urban Development Agency (SUDA)	3.04	9.64	(-) 6.60
3	Ranchi Municipal Corporation	268.08	326.93	(-) 58.85
4	Dhanbad Municipal Corporation	276.67	271.86	4.81
5	Chirkunda Municipal Council, Dhanbad	8.14	16.14	(-) 8.00
6	Hariharganj Nagar Panchayat, Palamu	2.27	2.29	(-) 0.02
7	Jugsalai Municipal Council, Jamshedpur	4.63	0.03	4.60
8	Notified Area Committee (NAC), Jamshedpur	69.29	75.56	(-) 6.27
9	Mango Municipal Corporation, Jamshedpur	42.17	41.97	0.20
10	Deoghar Municipal Corporation	24.53	22.86	1.67
11	Nagar Parishad, Dumka	10.10	9.92	0.18
12	Nagar Panchayat, Basukinath, Dumka	5.73	6.06	(-) 0.33
Total		1,902.05	1,344.92	557.13

Source: Plus & Minus memorandum available with office of the PAG (A&E) and PL Accounts balance statement provided by test checked units.

3.6.13 Balance in Single Nodal Account/Bank Account ₹ 596.52 crore

As per the Appropriation Act, funds drawn from the Treasury should be utilised within the financial year.

During test check of records of State Urban Development Agency (SUDA), it was noticed that a total of ₹ 554.37 crore (₹ 231.18 crore under Swachh Bharat Mission (SBM) and ₹ 323.19 crore under Atal Mission for Rejuvenation and Urban Transformation or AMRUT), remained as balance in the SNA, as of March 2024. Details are given in **Table 3.21**.

Table 3.21: Details of balance in SNA

(₹ in crore)

S. N.	Name of scheme	Balance as per bank passbook
1	Swachh Bharat Mission (SBM)	231.18
2	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	323.19
Total		554.37

It was seen that the balance under AMRUT included ₹ 321.00 crore transferred to the SNA by SUDA in November 2021 and interest incurred thereon.

Further, it was also noticed that there was a balance of ₹ 42.15 crore under Namami Gange (State Share) in savings bank account (380302010161313) of the Union Bank of India, as of March 2024, of which ₹ 25.35 crore pertains to the period 2016-17 to 2020-21.

Thus, huge balances in SNA and in savings bank account including amount received more than three years before resulted in blockage of fund.

3.6.14 Discrepancy in closing balances

As per instructions issued (06.11.2019) by Finance Division, Planning cum Finance Department, GoJ, Cash Book balance should be reconciled with the bank balance every month. In case of any difference, Bank Reconciliation Statement should be prepared so that the reasons of differences are ascertained. Any amount found excess in the bank account without being utilised should be remitted to treasury/fund providing agency at the earliest.

Test check of records of the State Urban Development Agency revealed that the closing balance as on 31 March 2024, as per bank statement, was ₹ 554.37 crore whereas the closing balance, as per cash book, was ₹ 535.03 crore. The difference of ₹ 19.34 crore, as shown in **Table 3.22**, has not been reconciled (November 2024).

Table 3.22: Discrepancy in closing balances

(₹ in crore)

Sl. No.	Name of scheme	Balance as per bank passbook	Balance as per cash book	Difference
1	Swachh Bharat Mission (SBM)	231.18	214.44	16.74
2	(Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	323.19	320.59	2.60
Total		554.37	535.03	19.34

Source: Bank statement and cash book provided by SUDA

3.7 Conclusion

During FY 2023-24, out of the total savings of ₹ 32,744.35 crore, savings of ₹ 22,386.79 crore had occurred under 10 grants, the reasons for which have not been appropriately explained in the Appropriation Accounts. Further, these grants had persistent total savings, ranging from ₹ 11,975.09 crore to ₹ 15,625.57 crore, during the previous four years.

Supplementary provisions aggregating ₹ 13,499.10 crore (53.82 per cent) in 57 cases (₹ 0.50 crore or more in each case), during the year, proved unnecessary as the expenditure did not come up even to the level of the original provisions.

Excess disbursement over grant/appropriation amounting to ₹ 3,778.41 crore relating to 10 grants pertaining to FYs 2001-02 to 2022-23 is yet to be regularised by the State Legislature. Further, excess expenditure of ₹ 268.02 crore was incurred in one appropriation (15- Pension), during FY 2023-24.

Forest, Environment and Climate Change Department and Urban Development and Housing Department (Urban Development Division), did not follow the provisions of the budget manual, leading to lack of budgetary control in the Departments, large savings, rush of expenditure at the end of the financial year etc.

3.8 Recommendations

- *State Government may put in place mechanisms to ensure accuracy of budgetary assumptions, as well as an efficient control mechanism to curtail non-utilisation of allocated funds.*
- *State Government may ensure that expenditure does not exceed the amount authorised by the Legislature. Steps may be taken to regularise the excess expenditure of previous years.*
- *The Forest, Environment and Climate Change Department and the Urban Development and Housing Department (Urban Development Division) may institute appropriate mechanisms, to enforce proper budgetary management in order to curtail instances of non-utilisation of allocated funds and ensure that anticipated savings are identified and surrendered within specified timeframe.*