

2.1 Introduction

2.1.1

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and whenever the expenditure required to be charged under the provisions of the Constitution, is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules and regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 52 grants/appropriations was as given in **Table 2.1**:

Table 2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(Rupees in crore)

| | Nature of expenditure | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure * | Saving (-) / Excess (+) |
|----------------------|---------------------------|-------------------------------|------------------------------------|-----------------|----------------------|-------------------------|
| Voted | I Revenue | 11546.24 | 2615.41 | 14161.65 | 11039.64 | (-)3122.01 |
| | II Capital | 3966.47 | 274.61 | 4241.08 | 3312.38 | (-)928.70 |
| | III Loans and Advances | 531.44 | - | 531.44 | 418.19 | (-)113.25 |
| Total Voted | | 16044.15 | 2890.02 | 18934.17 | 14770.21 | (-)4163.96 |
| Charged | IV Revenue | 2173.93 | 5.60 | 2179.53 | 1922.80 | (-)256.73 |
| | V Capital | - | - | - | - | - |
| | VI Public Debt- Repayment | 771.64 | - | 771.64 | 863.40 | (+)91.76 |
| Total Charged | | 2945.57 | 5.60 | 2951.17 | 2786.20 | (-)164.97 |
| Grand Total | | 18989.72 | 2895.62 | 21885.34 | 17556.41 | (-)4328.93 |

* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (Rs 85.55 crore) and capital voted expenditure (Rs 115.23 crore).

The overall saving of Rs 4328.93 crore was the result of saving of Rs 3378.73 crore in 46 grants and four appropriations under the Revenue Section and Rs 1179.09 crore in 25 grants under the Capital Section offset by excess of Rs 228.89 crore in one grant and one appropriation under the Capital Section.

The head wise expenditure status was provided monthly to the State Government through Monthly Civil Accounts in spite of that no steps were taken to maintain a uniform flow of expenditure during the year.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriations vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 57 cases, savings exceeded Rs 10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of Rs 4557.82 crore, savings of Rs 3932.73 crore (87 *per cent*)² occurred in 26 cases relating to 21 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of Grants with Savings of Rs 50 crore and above.

(Rupees in crore)

| Sl. No. | No. and Name of the Grant | Original | Supplementary | Total | Actual Expenditure | Savings |
|----------------------|---|----------|---------------|---------|--------------------|---------|
| Revenue-Voted | | | | | | |
| 1 | 1- Agriculture Department | 638.36 | 76.10 | 714.46 | 214.81 | 500.00 |
| 2 | 2- Animal Husbandry Department | 156.21 | 44.42 | 200.63 | 142.02 | 58.61 |
| 3 | 8- Civil Aviation Department | 115.22 | 63.04 | 178.27 | 100.18 | 78.09 |
| 4 | 10- Energy Department | 444.20 | 0.94 | 445.15 | 210.69 | 234.46 |
| 5 | 15- Pension | 705.52 | 412.08 | 1117.60 | 980.41 | 137.19 |
| 6 | 20- Health, Medical Education and Family Welfare Department | 698.32 | 102.07 | 791.39 | 607.07 | 184.31 |
| 7 | 22- Home Department | 1111.62 | 379.90 | 1491.53 | 1380.55 | 110.98 |
| 8 | 23- Industry Department | 180.64 | 18.94 | 199.58 | 116.16 | 83.42 |
| 9 | 26- Labour Employment and Training Department | 730.84 | 16.69 | 747.53 | 559.71 | 187.82 |
| 10 | 30- Minority Welfare Department | 0.73 | 70.28 | 71.01 | 5.09 | 65.92 |
| 11 | 35- Planning and Welfare Department | 138.02 | 11.41 | 149.43 | 19.94 | 129.49 |
| 12 | 39- Disaster Management Department | 209.83 | 0.54 | 210.37 | 78.05 | 132.32 |
| 13 | 42- Rural Development Department | 793.11 | 265.55 | 1058.67 | 940.71 | 117.96 |
| 14 | 43- Science and Technology Department | 150.31 | 3.76 | 154.07 | 77.33 | 76.74 |

². Exceeding Rs 50 crore in each case.

| | | | | | | |
|------------------------|---|---------|--------|---------|---------|----------------|
| 15 | 44- Secondary, Primary and Mass Education Department | 2444.25 | 311.47 | 2755.72 | 2476.44 | 279.28 |
| 16 | 47- Transport Department | 168.14 | 1.07 | 179.21 | 34.25 | 134.96 |
| 17 | 51- Welfare Department | 837.46 | 102.47 | 939.93 | 720.47 | 219.46 |
| Capital-Voted | | | | | | |
| 18 | 3- Building Construction Department | 201.40 | - | 201.40 | 56.05 | 145.35 |
| 19 | 10- Energy Department | 398.00 | - | 398.00 | 329.08 | 68.92 |
| 20 | 20- Health, Medical Education and Family Welfare Department | 300.74 | - | 300.74 | 215.77 | 84.97 |
| 21 | 36- Drinking Water and Sanitation Department | 414.57 | - | 414.57 | 325.42 | 89.15 |
| 22 | 41- Road Construction Department | 635.07 | - | 635.07 | 547.02 | 88.05 |
| 23 | 48- Urban Development and Housing Department | 552.84 | 30.00 | 582.84 | 414.11 | 168.73 |
| 24 | 49- Water Resources Department | 534.60 | - | 534.60 | 280.31 | 254.29 |
| 25 | 52- Art, Culture and Youth Welfare Department | 199.50 | 112.00 | 311.50 | 259.61 | 51.89 |
| Revenue-Charged | | | | | | |
| 26 | 13- Interest Payment | 2136.94 | - | 2136.94 | 1886.88 | 250.07 |
| | | | | | | 3932.73 |

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.2 Persistent Savings

In 16 cases, during the last five years, there were persistent savings of more than Rs five crore in each case and also by 10 per cent or more of the total grants (Table 2.3).

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in crore)

| Sl. No. | No. and Name of the grant | Amount of savings | | | | |
|----------------------|--|-------------------|------------|------------|------------|------------|
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Revenue-Voted | | | | | | |
| 1 | 1- Agriculture Department | 49.26(33) | 31.55(19) | 47.02(24) | 165.37(44) | 499.65(70) |
| 2 | 2- Animal Husbandry Department | 19.94(27) | 17.54(22) | 67.42(49) | 70.40(39) | 58.61(29) |
| 3 | 3- Building Construction Department | 12.47(22) | 16.93(18) | 67.06(52) | 12.97(14) | 16.47(15) |
| 4 | 8- Civil Aviation Department | 41.31(92) | 54.90(81) | 31.32(32) | 60.03(80) | 78.09(44) |
| 5 | 10- Energy Department | 69.71(16) | 87.69(16) | 191.09(44) | 576.18(82) | 234.46(53) |
| 6 | 19-Forest and Environment Department | 23.33(12) | 33.64(17) | 34.73(16) | 29.60(14) | 40.34(16) |
| 7 | 20-Health, Medical Education & Family Welfare Department | 82.63(18) | 359.07(43) | 449.62(54) | 301.92(44) | 184.31(23) |

| | | | | | | |
|----------------------|--|------------|------------|------------|------------|------------|
| 8 | 23- Industry Department | 96.47(58) | 39.97(26) | 48.89(29) | 62.70(37) | 83.42(42) |
| 9 | 40- Revenue and Land Reforms Department | 27.62(23) | 19.69(16) | 47.73(30) | 24.74(15) | 32.12(13) |
| 10 | 41- Road Construction Department | 20.57(20) | 14.10(11) | 20.10(16) | 15.33(13) | 29.26(15) |
| 11 | 42- Rural Development Department | 746.33(60) | 564.20(53) | 764.26(59) | 343.70(33) | 117.96(11) |
| 12 | 43- Science and Technology Department | 79.77(60) | 32.57(25) | 69.05(59) | 50.00(34) | 76.74(50) |
| 13 | 51- Welfare Department | 145.16(27) | 100.87(17) | 206.71(28) | 112.62(15) | 219.46(23) |
| Capital-Voted | | | | | | |
| 14 | 36- Drinking Water and Sanitation Department | 89.84(43) | 67.63(26) | 159.56(52) | 183.45(41) | 89.15(22) |
| 15 | 48- Urban Development and Housing Department | 67.03(51) | 25.00(19) | 65.51(50) | 150.89(46) | 168.73(29) |
| 16 | 50- Minor Irrigation Department | 44.11(62) | 25.84(38) | 88.45(64) | 65.20(39) | 26.69(26) |

(Source: Appropriation Accounts of Government of Jharkhand)

From the above table, it may be seen that the savings continued over the years indicating improper estimation.

2.3.3 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 526.65 crore was incurred in 10 cases as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.5: Expenditure incurred without provision during 2008-09

(Rupees in crore)

| Number and Name of | | Head of accounts | Amount of Expenditure without provision | Reasons/Remarks |
|--------------------|----------------|------------------|---|------------------------------------|
| Grants | Appropriations | | | |
| 10 | - | 6801-00-800-03 | 148.34 | No reasons given by the department |
| | 13 | 2049-01-200-12 | 0.02 | No reasons given by the department |
| | 14 | 6003-00-101-37 | 0.04 | No reasons given by the department |
| | 14 | 6003-00-101-38 | 62.47 | No reasons given by the department |
| | 14 | 6003-00-101-39 | 185.63 | No reasons given by the department |
| | 14 | 6003-00-101-41 | 0.09 | No reasons given by the department |
| | 14 | 6003-00-101-42 | 0.01 | No reasons given by the department |
| | 14 | 6003-00-110-00 | 8.86 | No reasons given by the department |
| | 14 | 6004-02-105-01 | 121.18 | No reasons given by the department |
| 23 | - | 2851-00-104-03 | 0.01 | No reasons given by the department |
| | | Total | 526.65 | |

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the

Public Accounts Committee. However, excess expenditure amounting to Rs 7456.63 crore for the years 2001-08 was yet to be regularized as detailed in **Appendix 2.2**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in **Table 2.6**.

Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative control over appropriations.

Table 2.6: Excess over provisions relating to previous years requiring regularization

(Rupees in crore)

| Year | Number of | | Amount of excess over provision | Status of Regularization |
|--------------|-----------|----------------|---------------------------------|--------------------------|
| | Grants | Appropriations | | |
| 2001-02 | 3, 25, 32 | | .04 | No action taken |
| 2002-03 | 10, 32 | 13,14 | 1241.49 | No action taken |
| 2003-04 | 10, 39,46 | 13,14 | 937.25 | No action taken |
| 2004-05 | 23,39,40 | 13,14 | 576.07 | No action taken |
| 2005-06 | 10, 29 | 13 | 3121.47 | No action taken |
| 2006-07 | 38 | 13,14 | 1245.87 | No action taken |
| 2007-08 | 12 | 14 | 334.44 | No action taken |
| Total | | | 7456.63 | |

- Indicate the relevant years

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.5 Excess over provisions during 2008-09 requiring regularisation

Table 2.7 contains the summary of total excess over authorisation amounting to Rs 228.89 crore in two grants during 2008-09, which requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2008-09

(Rupees in crore)

| Sl. | Number and title of | | Total grant/ | Expenditure | Excess |
|------------------------------|---------------------|--------------------|---------------|----------------|---------------|
| Voted Grants | | | | | |
| 1 | 12 | Finance Department | 16.00 | 153.13 | 137.13 |
| Charged Appropriation | | | | | |
| 2 | 14 | Repayment of Loans | 771.64 | 863.40 | 91.76 |
| Total | Voted | | 787.64 | 1016.53 | 228.89 |

(Source: Appropriation Accounts of Government of Jharkhand)

Excess expenditure in grant No. 12 occurred due to inter-State settlement of a total amount of Rs 145.87 crore booked as expenditure under the head 7801- Inter State Settlement. Similarly, in grant No. 14, excess expenditure amounting to Rs 257.11 crore was incurred without budget provision under some sub-heads of major head '6003- Internal Debt of Government' which was offset by savings under other sub heads.

2.3.6 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating Rs 617.47 crore obtained in 29 cases, which were Rs 50 lakh or more in each case, during the year proved

unnecessary as the expenditure did not come up to the level of the original provision as detailed in **Appendix 2.3**. In all these cases, it was noticed that the original allotment provided under some sub-heads were not exhausted and a huge savings occurred under those sub heads. Provisions were made on ad hoc basis without assessing the actual demand for completion of the scheme.

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in final savings of over Rs 716.36 lakh in 49 sub-heads as detailed in **Appendix 2.4**.

2.3.8 Substantial surrenders

Substantial surrenders (cases where more than 50 per cent of the total provisions were surrendered) were made in respect of 56 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs 2547.15 crore in respect of these schemes, Rs 2108.03 crore (83 *per cent*) was surrendered, which included *per cent* surrender in 23 schemes (Rs 954.90 crore). The details of selected such cases audited/verified by the Audit are given in **Appendix 2.5**.

2.3.9 Surrender in excess of actual saving

In seven cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 235.77 crore, the amount surrendered was Rs 370.07 crore, resulting in excess surrender of Rs 134.30 crore. Details are given in **Appendix 2.6**.

2.3.10 Anticipated savings not surrendered

As per Rule 112 of the Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, five grants/appropriations in which savings had occurred but no part of which had been surrendered by the concerned departments. The total amount involved in these cases was Rs 388.88 crore (8.53 *per cent* of the total savings) (**Appendix 2.7**).

Similarly, out of total savings of Rs 3756.71 crore under 44 other grants/appropriations (savings of Rs one crore and above were indicated in each grant/ appropriation) a total of Rs 1663.43 crore (44 *per cent* of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 64 cases, where the surrender of funds was in excess of Rs 10 crore each, Rs 1818 crore was (**Appendix 2.9**) surrendered on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilised for other developmental purposes.

2.3.11 Rush of expenditure

According to Rule 113 of the Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 21 heads listed in **Appendix 2.10**, expenditure exceeding Rs 10 crore each and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2009. **Table 2.8** also presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.8: Cases of Rush of Expenditure towards the end of the Financial Year 2008-09

(Rupees in crore)

| Sl. No. | Major Head | Total expenditure during the year | Expenditure during last quarter of the year | | Expenditure during March 2009 | |
|---------|------------|-----------------------------------|---|---------------------------------|-------------------------------|---------------------------------|
| | | | Amount | Percentage of total expenditure | Amount | Percentage of total expenditure |
| 1 | 2203 | 76.10 | 49.82 | 65.46 | 47.16 | 61.97 |
| 2 | 2217 | 17.00 | 17.09 | 82.93 | 13.09 | 77.04 |
| 3 | 2230 | 113.84 | 66.49 | 58.40 | 59.34 | 52.12 |
| 4 | 2401 | 151.45 | 130.97 | 86.47 | 111.86 | 73.85 |
| 5 | 2404 | 48.52 | 41.29 | 85.09 | 35.72 | 73.61 |
| 6 | 2425 | 68.09 | 55.05 | 80.84 | 42.71 | 62.72 |
| 7 | 2501 | 41.68 | 24.67 | 59.18 | 24.43 | 51.41 |
| 8 | 2505 | 202.47 | 161.90 | 79.96 | 153.05 | 75.59 |
| 9 | 2852 | 48.09 | 44.82 | 93.20 | 40.72 | 84.67 |
| 10 | 3456 | 152.97 | 102.52 | 67.01 | 78.88 | 51.56 |
| 11 | 3604 | 35.25 | 35.20 | 99.85 | 35.20 | 99.85 |
| 12 | 4202 | 360.23 | 259.74 | 72.10 | 247.76 | 68.77 |
| 13 | 4210 | 215.77 | 206.93 | 95.90 | 117.14 | 54.28 |
| 14 | 5452 | 88.92 | 86.70 | 97.50 | 75.71 | 85.14 |

(Source: Appropriation Accounts of Government of Jharkhand)

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure in the closing month of the financial year.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per Rule 318 and Form-38 of Jharkhand Treasury Code Volume-I & II, every drawing officer has to certify in each abstract contingent (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount for which detailed countersigned contingent (DCC) bills were received during the period 2001-2009 was Rs 3536.63 crore against the total value of AC bills of Rs 10123.98 crore leading to an outstanding balance of

DCC bills worth Rs 6587.35 crore as on 31 March 2009. Year-wise details are given in **Table 2.9**.

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in crore)

| Year | Amount of AC bills | Amount of DCC bills | DCC bills as percentage of AC bills | Outstanding AC bills |
|--------------|--------------------|---------------------|-------------------------------------|----------------------|
| 2001-02 | 147.07 | 53.54 | 36.40 | 93.53 |
| 2001-02 | 503.71 | 163.95 | 32.54 | 339.76 |
| 2002-03 | 408.53 | 64.98 | 15.90 | 343.55 |
| 2003-04 | 618.58 | 228.81 | 36.98 | 389.78 |
| 2004-05 | 1166.90 | 618.67 | 53.00 | 548.23 |
| 2005-06 | 1084.40 | 395.70 | 36.48 | 688.70 |
| 2006-07 | 1465.61 | 777.79 | 53.00 | 687.81 |
| 2007-08 | 1797.64 | 758.14 | 42.17 | 1039.50 |
| 2008-09 | 2931.54 | 475.05 | 16.20 | 2456.49 |
| Total | 10123.98 | 3536.63 | 34.93 | 6587.35 |

As given in **Table 2.9**, the average amount for which DCC bills were received against the total AC bills drawn during 2001-09 was only 34.93 *per cent*. In 2002-03 and 2008-09, only 16 *per cent* of DCC bills were received against the total amount drawn on AC bills during the year. Moreover, non-submission of DCC bills in comparison to year-wise AC bills as on March 2009 was more than 60 *per cent* in each of the years during the period. Due to this, the expenditure during the period was overstated to the extent of the advance received on abstract contingent bills and shown as expenditure for the year.

2.4.2 Unreconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rule 475 (viii) stipulate that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2008-09 also. A total of 79 Controlling Officers did not reconcile expenditure amounting to Rs11496.80 crore during 2008-09. Of the 79 Controlling Officers, amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-2009 in respect of the following 46 Controlling Officers as given in **Table 2.10**.

Table 2.10: List of Controlling Officers where amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-2009

(Rupees in crore)

| Sl. No. | Controlling Officers | Amount not reconciled |
|---------|--|-----------------------|
| 1 | I.G. Police, Jharkhand, Ranchi | 1287.59 |
| 2 | Dy. Secretary, Primary and Adult Education Department, Jharkhand, Ranchi | 2481.94 |
| 3 | Dy. Secretary, Science and Technology Department, Jharkhand, Ranchi | 70.31 |
| 4 | Dy. Secretary, Primary, Adult Education and Higher Education, Jharkhand | 359.36 |
| 5 | Secretary, Board of Revenue Department, Jharkhand | 23.54 |
| 6 | Secretary, Water Supply Sanitation Department, Jharkhand | 60.47 |
| 7 | Secretary, Health, Medical Education and Family Welfare Department, | 505.61 |

| | | |
|----|---|----------------|
| | Jharkhand | |
| 8 | Secretary, Health, Medical Education and Family Welfare Department, Jharkhand | 215.77 |
| 9 | Under Secretary, Health and Family Welfare Department, Jharkhand | 54.28 |
| 10 | Secretary, Administration, Finance Department, Jharkhand | 11.12 |
| 11 | Director of Industry, Department of Industries, Jharkhand | 44.26 |
| 12 | Director of Industry, Department of Industries, Jharkhand | 14.40 |
| 13 | Under Secretary, B.C. and Housing Department, Jharkhand | 22.37 |
| 14 | Secretary, Law Department, Jharkhand | 76.08 |
| 15 | Secretary, Housing Department, Jharkhand, Ranchi | 96.77 |
| 16 | Secretary, Minor Irrigation Department, Jharkhand, Ranchi | 33.87 |
| 17 | Secretary, Fisheries Department, Jharkhand, Ranchi | 18.13 |
| 18 | Secretary, Rural Development Department, Jharkhand, Ranchi | 41.68 |
| 19 | Registrar, Co-operative Society, Co-operative Department, Jharkhand | 12.00 |
| 20 | Dy. Director, Surveys Settlement, Jharkhand, Ranchi | 101.03 |
| 21 | Secretary, Finance Department, Revenue and Land Revenue, Jharkhand | 1591.78 |
| 22 | Chief Secretary to Government, Other Rural Development Department, Jharkhand | 483.76 |
| 23 | Principal Secretary, Other Rural Development Department, Jharkhand, Ranchi | 186.75 |
| 24 | Principal Secretary, Other Rural Development Department, Jharkhand, Ranchi | 202.47 |
| 25 | Joint Secretary, Labour Employment and Training Department, Jharkhand | 104.27 |
| 26 | Secretary, Welfare Department, Jharkhand, Ranchi | 331.31 |
| 27 | Secretary, Social Security and Welfare Department, Jharkhand | 517.86 |
| 28 | Under Secretary, Urban Development, Jharkhand, Ranchi | 17.00 |
| 29 | Secretary, Food and Supply Department | 152.53 |
| 30 | Secretary, Natural Calamities, Jharkhand, Ranchi | 76.94 |
| 31 | Director, General Information Publicity Department, Jharkhand | 34.85 |
| 32 | Under Secretary, Urban Development Department, Jharkhand | 17.00 |
| 33 | Secretary, Minority Welfare Department, Jharkhand | 95.15 |
| 34 | Secretary, Animal Husbandry and Fisheries Department, Jharkhand, Ranchi | 43.55 |
| 35 | Dy. Director, Transport Department, Jharkhand, Ranchi | 29.67 |
| 36 | Commissioner of Sales Tax, Jharkhand, Ranchi | 17.17 |
| 37 | Secretary, Jharkhand Legislative Assembly, Jharkhand | 28.57 |
| 38 | Election Commissioner, Election Commission, Jharkhand | 17.25 |
| 39 | I.G. Home Department, Jharkhand | 48.23 |
| 40 | Dy. Secretary, Social Welfare Women and Child Development Deptt., Jharkhand | 188.94 |
| 41 | Director, Dairy Development Deptt., Jharkhand, Ranchi | 48.52 |
| 42 | Secretary, Medium Irrigation Department, Jharkhand, Ranchi | 97.68 |
| 43 | Director, Mines and Geology Department, Jharkhand, Ranchi | 10.95 |
| 44 | Chief Engineer, Road and Building Construction, P.W.D. Deptt, Jharkhand, Ranchi | 21.41 |
| 45 | Secretary, Tourism Department, Jharkhand, Ranchi | 33.22 |
| 46 | Secretary, Panchayati Raj, Jharkhand, Ranchi | 35.25 |
| | Total | 9962.66 |

Most of the Controlling Officers mentioned above consistently failed to reconcile the expenditure incurred by the units under their control with the accounts of the Accountant General (A&E) continuously for last five years. The unreconciled expenditure of the State was Rs 6258.97 crore and Rs 9017.10 crore against 85 and 75 controlling officers during 2006-07 and 2007-08 respectively.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under Section 4 of Jharkhand Contingency Fund Act 2001 in terms of the provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are

to be given only for meeting expenditure of unforeseen and emergent character, postponement of which, till authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is Rs.150 crore. Review of relevant records revealed that the advances from Contingency Fund were made for meeting expenditure which were seemed to be unforeseen nor of emergent nature, such as, Rs 79 lakh for furnishing of Jharkhand Bhawan, New Delhi, Rs 35 lakh for the purchase of motor vehicles, Rs 3 lakh was drawn for foreign tours etc.

2.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were three PD accounts in three District Treasuries which were not closed as of March 2009.

2.7 Outcome of Review of Selected Grants

Review of Grant no.20- Health, Medical Education and Welfare Department and Grant no. 44 - Secondary, Primary and Mass Education Department revealed the following discrepancies:

- (i) Out of the total provision of Rs 1092.12 crore and Rs 2806.72 crore in Grant nos. 20 and 44 the savings were Rs 269.28 crore (25 *per cent* of the total allotment) and Rs 293.73 crore (10 *per cent* of the total allotment) respectively. The reasons given were reduction in estimated cost, non-sanction of funds by GOI, no necessity of funds during the present financial year, non-availability of land, excess provision of funds etc.
- (ii) The departments had persistent savings during the last five years which was indicative of failure of budgetary control and preparation of the budget without receiving the actual requirements from district units. This also showed that the budgets were not prepared the basis of expenditure of the last three years as required under provisions of the budget manual.
- (iii) The departmental controlling officer of the Health and Family Welfare Department failed to reconcile the accounts of the expenditure of Rs 775.64 crore out of the total of Rs 822.84 crore with the accounts of AG (A&E) during the year.
- (iv) During 2008-09 out of a total allotment Rs 822.84 crore provided for machinery and equipment for various hospitals, for improvement of indigenous hospitals, nurses training centres, urban family welfare centres etc., Rs 373.69 crore (45 *per cent*) was spent in the month of March 2009. Similarly, in Grant no. 44, out of the total allotment of Rs 2513 crore provided under some sub heads for primary education and other schemes Rs 926.13 crore (37 *per cent*) was spent in the month of March 2009.

The above points indicated that there was lack of a proper internal control system in these departments resulted in financial mismanagement and failure of budgetary control.

2.8 Conclusion

During 2008-09 out of the total budget of Rs 21885.33 crore, savings of Rs 4557.82 crore (21 *per cent*) occurred. Persistent savings for the last five years were also recorded in departments performing Social Services and Economic Services. Excess expenditure of Rs 228.89 crore over provisions made under Grant no. 12 (Rs 137.13 crore) and Appropriation no. 14 (Rs 91.76 crore) required regularisation under Article 205 of the Constitution of India.

During 2008-09, injudicious re-appropriations were made which proved to be in excess of requirement, resulting in final savings of over Rs 716.36 crore in 49 sub-heads under different major heads.

2.9 Recommendations

- Budgetary controls should be strengthened in all the Government departments, specially in those departments where savings/excesses were observed for the last five years.
- Heads of Departments should reconcile their expenditure figures every month with those in the books of the Accountant General (Accounts and Entitlements)
- Government should initiate action to clear the pendency in adjustment of temporary advances drawn from the Contingency Fund.
- Heads of Departments should ensure settlement of pending detailed countersigned contingent bills.
- Rush of expenditure during the fag end of the financial year should be avoided.