

### 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-a-vis* those authorised 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 authorisation 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 summarised position of actual expenditure during 2009-10 against 52 grants/appropriations is as given in Table 2.1:

**Table 2.1: Summarised Position of Actual Expenditure *vis-a-vis* Original/Supplementary Provisions**

(₹ in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	15735.26	1829.15	17564.41	13037.94	(-)4526.47
	II Capital	3530.66	585.18	4115.84	2764.87	(-)1350.97
	III Loans and Advances	439.26	270.27	709.53	319.98	(-)389.55
<b>Total Voted</b>		<b>19705.18</b>	<b>2684.60</b>	<b>22389.78</b>	<b>16122.79</b>	<b>(-)6266.99</b>
<b>Charged</b>	IV Revenue	2477.69	0.61	2478.30	2348.60	(-)129.70
	V Capital	0	0	0	0	0
	VI Public Debt & Repayment	809.50	264.00	1073.50	1190.22	(+)116.72
<b>Total Charged</b>		<b>3287.19</b>	<b>264.61</b>	<b>3551.8</b>	<b>3538.82</b>	<b>(-)12.98</b>
<b>Grand Total</b>		<b>22992.37</b>	<b>2949.21</b>	<b>25941.58</b>	<b>19661.61</b>	<b>(-)6279.97</b>

\* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹ 258.31 crore) and capital voted expenditure (₹ 61.8 crore).

The overall saving of ₹ 6279.97 crore was the result of savings of ₹ 4656.17 crore in 46 grants and five appropriations under the Revenue Section and ₹ 1740.51 crore in 25 grants under the Capital Section, offset by

excess of ₹ 116.71 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 which appropriate steps were not taken to maintain an uniform flow of expenditure during the year.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Mechanism for Budget Management

The Budget Estimates of the State are prepared in uniform printed forms prescribed by the Finance Department. The estimates under each major head prepared by the Controlling Officers of the different departments are examined by the Finance Department and compiled for presentation of the first edition budget to the Government. Rules regarding control over expenditure are embodied in the Jharkhand Financial Rules. As per Rule 112 of the Budget Manual of Jharkhand, all anticipated savings should be surrendered to the Government immediately when they are foreseen unless they are required to meet excesses under some other units. No savings should be held in reserve for possible future excesses. Further, to meet new specific items of expenditure or to cover probable excesses in the voted grant, supplementary grants should be in consultation with the Finance Department.

### 2.3.2 Appropriations vis-a-vis Allocative Priorities

The outcome of appropriation audit revealed that in 34 cases, savings exceeded ₹ 10 crore in each case and also were more than 20 per cent of the total provision as detailed in **Appendix 2.1**. Against the total savings of ₹ 6396.68 crore, savings of ₹ 5913.75 crore (92 per cent)<sup>1</sup> occurred in 29 cases relating to 21 grants and one appropriation as indicated in **Table 2.2**.

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

(₹ in crore)						
Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	<b>Revenue-Voted</b>					
1	1- Agriculture Department	386.32	19.09	405.41	227.30	178.11
2	2- Animal Husbandry Department	202.95	1.55	204.50	150.29	54.21
3	10- Energy Department	775.58	100.00	875.58	477.84	397.74
4	15- Pension	1525.01	654.89	2179.90	1675.33	504.57
5	18- Food Supply and Commercial Department	327.59	30.73	358.31	259.63	98.69
6	19- Forest and Environment Department	267.32	0	267.32	205.71	61.61
7	20- Health, Medical Education and Family Welfare Department	1046.67	24.37	1071.04	590.49	480.56
8	21- Higher Education Department	461.06	40.61	501.67	341.95	159.72

<sup>1</sup> Exceeding ₹ 50 crore in each case.

9	22- Home Department	2031.66	55.60	2087.26	1774.54	312.71
10	23- Industry Department	154.55	77.54	232.09	158.82	73.27
11	26- Labour Employment and Training Department	687.74	24.87	712.61	550.22	162.39
12	35- Planning and Welfare Department	88.01	0.10	88.11	16.09	72.02
13	39- Disaster Management Department	234.27	368.78	603.05	326.10	276.95
14	41- Road Construction Department	179.19	21.36	200.55	118.38	82.17
15	42- Rural Development Department	1048.72	55.99	1104.71	840.03	264.69
16	43- Science and Technology Department	106.92	4.25	111.17	45.10	66.06
17	44- Secondary, Primary and Mass Education Department	3227.09	133.53	3360.63	2845.60	515.03
18	48- Urban Development and Housing Department	205.00	2.33	207.33	116.81	90.51
19	49- Water Resources Department	266.99	0	266.99	209.13	57.85
20	51- Welfare Department	1041.04	67.04	1108.08	803.32	304.76
	<b>Capital-Voted</b>					
21	10- Energy Department	361.00	268.50	629.50	245.83	383.67
22	20- Health, Medical Education and Family Welfare Department	162.31	0	162.31	84.87	77.44
23	22- Home Department	140.24	0.17	140.41	79.56	60.84
24	36- Drinking Water and Sanitation Department	457.09	0	457.09	274.96	182.13
25	41- Road Construction Department	634.45	102.84	737.29	507.10	230.19
26	48- Urban Development and Housing Department	621.21	3.45	624.66	346.48	278.18
27	49- Water Resources Department	498.20	0	498.20	220.71	277.49
28	51- Welfare Department	115.38	19.55	134.93	45.79	89.14
	<b>Revenue-Charged</b>					
29	13- Interest Payment	2428.51	0	2428.51	2307.45	121.06
						<b>5913.75</b>

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.3 Persistent Savings

In 18 cases, during the last five years, there were persistent savings of more than ₹ 10 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 2005-10**

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2005-06	2006-07	2007-08	2008-09	2009-10
	<b>Revenue-Voted</b>					
1	1- Agriculture Department	31.55(19)	47.02(24)	165.37(44)	499.65(70)	178.10(44)
2	2- Animal Husbandry Department	17.54(22)	67.42(49)	70.40(39)	58.61(29)	54.21(27)
3	10-Energy Department	87.69(16)	191.09(44)	576.18(82)	234.46(53)	397.74(45)
4	19-Forest and Environment Department	33.64(17)	34.73(16)	29.60(14)	40.34(16)	61.61(23)

5	20-Health, Medical Education & Family Welfare Department	359.07(43)	449.62(54)	301.92(44)	184.31(23)	480.56(45)
6	22- Home Department	275.13(24)	248.30(22)	116.12(10)	110.98(07)	312.71(15)
7	23- Industry Department	39.97(26)	48.89(29)	62.70(37)	83.42(42)	73.27(32)
8	26- Labour Employment and Training Department	17.10(11)	33.02(15)	46.10(10)	187.82(25)	162.39(23)
9	41- Road Construction Department	14.10(11)	20.10(16)	15.33(13)	29.26(15)	82.17(41)
10	42- Rural Development Department	564.20(53)	764.26(59)	343.70(33)	117.96(11)	264.69(24)
11	43- Science and Technology Department	32.57(25)	69.05( 59)	50.00(34)	76.74(50)	66.06(59)
12	44- Secondary, primary and Mass Education Department	148.00(10)	387.10(21)	185.11(09)	279.28(10)	515.03(15)
13	49- Water Resources Department	21.47(19)	21.34(14)	16.76(11)	17.52(09)	57.85(22)
14	51- Welfare Department	100.87(17)	206.71(28)	112.62(15)	219.46(23)	304.76(28)
	<b>Capital-Voted</b>					
15	36- Drinking Water and Sanitation Department	67.63(26)	159.56(52)	183.45(41)	89.15(22)	182.13(40)
16	41- Road Construction Department	56.92(19)	390.95(75)	241.24(44)	88.05(14)	230.19(31)
17	48- Urban Development and Housing Department	25.00(19)	65.51(50)	150.89(46)	168.73(29)	278.18(45)
18	49- Water Resources Department	81.62(21)	141.06(39)	148.08(20)	254.29(48)	277.49(56)

(Source: Appropriation Accounts of Government of Jharkhand)

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

### 2.3.4 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 ₹ 275.57 crore was incurred in 16 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 2009-10**

(₹ in crore)

Number and Name of Appropriation	Head of accounts	Amount of Expenditure incurred without provision	Reasons/Remarks
14-Repayment of Loans	6003-00-101-0020	0.01	No reasons given by the department
	6003-00-101-0041	101.14	No reasons given by the department
	6003-00-101-04	67.46	No reasons given by the department
	6003-00-101-11	.08	No reasons given by the department
	6003-00-101-12	.73	No reasons given by the department
	6003-00-101-29	.02	No reasons given by the department
	6003-00-101-37	.01	No reasons given by the department
	6003-00-101-42	.10	No reasons given by the department
	6003-00-101-96	.63	No reasons given by the department
	6004-02-105-01	104.96	No reasons given by the department
	6004-03-329-01	.20	No reasons given by the department
	6004-04-284-01	.08	No reasons given by the department
	6004-04-307-01	.03	No reasons given by the department
	6004-04-337-01	.01	No reasons given by the department
	6004-04-402-01	.02	No reasons given by the department
	6004-04-404-01	.09	No reasons given by the department
<b>Total</b>		<b>275.57</b>	

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.5 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 ₹ 7685.52 crore for the years 2001-09 was still to be regularised as detailed in **Appendix 2.2**. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised 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 regularisation**

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	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	15	14	334.44	No action taken
2008-09	12	14	228.89	No action taken
<b>Total</b>			<b>7685.52</b>	

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.6 Excess over provisions during 2009-10 requiring regularisation

**Table 2.7** contains the summary of total excess over authorisation amounting to ₹116.71 crore in grant no-14 during 2009-10, which requires regularisation under Article 205 of the Constitution.

**Table 2.7: Excess over provisions requiring regularisation during 2009-10**

(₹ in crore)

Sl.	Number and title of		Total grant	Expenditure	Excess
<b>Charged Appropriation</b>					
1	14	Repayment of Loans	1073.50	1190.21	116.71
<b>Total</b>			<b>1073.50</b>	<b>1190.21</b>	<b>116.71</b>

(Source: Appropriation Accounts of Government of Jharkhand)

Excess expenditure in grant no. 14, amounting to ₹ 116.71 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.

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹1017.19 crore obtained in 32 cases (₹10 lakh 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 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 huge savings occurred under these sub-heads. Supplementary provisions were made on ad hoc basis without assessing the actual demand for completion of the scheme.

### ***2.3.8 Excessive/unnecessary re-appropriation of funds***

Re-appropriation is the 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 ultimate savings of over ₹ 3370.97 lakh in 34 sub-heads as detailed in **Appendix 2.4**. Under some schemes/sub-heads excess expenditure occurred and the funds were also re-appropriated to other schemes/sub-heads. Similarly, under some schemes/sub-heads, additional funds were provided through re-appropriation in spite of savings under the same.

### ***2.3.9 Substantial surrenders***

Substantial surrenders (cases where more than 50 *per cent* of the total provisions were surrendered) were made in respect of 100 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provisions amounting to ₹ 3029.69 crore in respect of these schemes, ₹2581.88 crore (85 *per cent*) was surrendered, which included cent *per cent* surrender in 48 schemes (₹ 1169.94 crore). The details of selected cases are given in **Appendix 2.5**.

### ***2.3.10 Surrenders in excess of actual savings***

In six cases, the amount surrendered (₹ 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 ₹ 437.57 crore, the amount surrendered was ₹ 473.61 crore, resulting in excess surrender of ₹ 36.04 crore. Details are given in **Appendix 2.6**.

### ***2.3.11 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. No part of the savings of ₹ 1.32 crore out of the provision made for Animal Husbandry Department had been surrendered even at the close of the year 2009-10.

Similarly, out of total savings of ₹ 5383.81 crore under 35 grants/ appropriations (savings of ₹ one crore and above were indicated in each grant/ appropriation) a total of ₹ 1800.29 crore (33 *per cent* of the total savings) were not surrendered, details of which are given in **Appendix 2.7**. Besides, in 68 cases, where the surrender of funds was in excess of ₹ 10 crore each, ₹ 2244.61 crore was (**Appendix 2.8**) surrendered on the last two working days of March 2010, indicating inadequate and poor financial control, resulting in non-utilisation of these funds for other developmental purposes.

### 2.3.12 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 14 heads listed in **Appendix 2.9**, expenditure (exceeding ₹ 10 crore in each case) incurred in March 2010 was more than 50 *per cent* of the total expenditure for the year. **Table 2.8** also presents the Major Heads where more than 50 *per cent* and even 100 *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 2009-10**

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2053	159.52	110.44	69.23	85.44	53.56
2	2401	152.76	122.57	80.24	106.48	69.70
3	2404	52.51	44.07	83.93	41.32	78.69
4	2425	57.09	40.18	70.38	36.31	63.60
5	2505	225.95	193.23	85.52	143.51	63.51
6	2515	433.07	293.56	67.79	259.32	59.88
7	2801	483.17	354.55	73.38	266.33	55.12
8	2852	95.04	91.10	95.85	89.64	94.32
9	3075	73.70	68.70	93.22	68.70	93.22
10	4202	98.24	79.82	81.25	68.83	70.06
11	4217	291.45	235.53	80.81	222.92	76.49
12	5075	320.67	320.67	100.00	320.67	100.00

(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 the 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 their onward transmission to the Accountant General. The total amount for which detailed countersigned (DC) bills were received was ₹ 4765 crore against the total value of AC bills of ₹ 11131 crore drawn during 2000-10, leading to an outstanding balance of DC bills worth ₹ 6366 crore as on 13 October 2010. Year-wise details are given in **Table 2.9**

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

(₹ in crore)

Year	Amount of AC bills	Amount of DC bills	DC bills as percentage of AC bills	Outstanding DC bills
Upto 2004-05	2845	1268	44.57	1577
2005-06	1084	435	40.13	649
2006-07	1466	814	55.53	652
2007-08	1795	877	48.86	918
2008-09	2933	1184	40.37	1749
2009-10	1008	187	18.55	821
<b>Total</b>	<b>11131</b>	<b>4765</b>	<b>42.81</b>	<b>6366</b>

As given in **Table 2.9**, the average amount for which DC bills were received against the total AC bills drawn during 2000-10 was only 42.81 *per cent*. In 2009-10, only 19 *per cent* of DC bills was received against the total amount drawn on AC bills during the year. Moreover, due to non-submission of DC bills, 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 (A&E). 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 2009-10. A total expenditure of ₹ 14975.52 crore was not reconciled by the Controlling Officers with the books of the Accountant General (A&E) during 2009-10. Of the total number of Controlling Officers, 30 Controlling Officers failed to reconcile expenditure exceeding ₹ 10 crore or more in each case amounting to ₹ 11802.24 crore during 2009-10 as detailed in **Table 2.10**.

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

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1	Secretary, Law Department, Jharkhand, Ranchi	137.12
2	Electoral Commissioner, Election Department, Jharkhand, Ranchi	109.42
3	Commissioner of Commercial Taxes, Jharkhand, Ranchi	14.34
4	Secretary, Finance Department, Revenue & Land Revenue, Jharkhand, Ranchi	2219.69
5	Secretary, Board of Personnel & Administrative Reforms, Jharkhand	159.66
6	Additional Secretary, Home (Police) Department Section IV Village Police, Jharkhand Commissioner, North C.N. Division, Hazaribagh Commissioner, South C.N. Division, Ranchi	1683.62
7	I.G. (Prison) Home Department, Jharkhand, Ranchi	64.39
8	Finance Commissioner, Jharkhand, Ranchi	1680.83
9	Dy. Secretary, Primary & Adult Education Department, Ranchi Dy. Secretary, Higher Education Department, Jharkhand, Ranchi	3246.11

10	Dy. Secretary, Art Culture and Youth Department, Jharkhand, Ranchi	16.17
11	Director, Health Services, Jharkhand, Ranchi	309.02
12	Under Secretary, Health & Family Welfare Department, Jharkhand, Ranchi	65.82
13	Secretary, Department P.H.E.D., Jharkhand, Ranchi	49.27
14	Secretary, Housing Department, Jharkhand, Ranchi Chief Engineer, Housing Department, Jharkhand, Ranchi	89.99
15	Secretary, Urban Development, Jharkhand, Ranchi	319.92
16	Secretary, Welfare Department, Jharkhand, Ranchi Secretary, Minority Welfare Department, Jharkhand, Ranchi	384.72
17	Commissioner of Labour, Jharkhand, Ranchi Director, Employment & Training Department, Jharkhand, Ranchi Director, Directorate of Social Security, Jharkhand, Ranchi	110.82
18	Secretary, Natural Calamity Department, Jharkhand, Ranchi	146.07
19	Secretary, Agriculture Department, Jharkhand, Ranchi	116.78
20	Dy. Secretary, Rural Development Department, Jharkhand, Ranchi	230.81
21	Director, Panchayati Raj Department, Jharkhand, Ranchi	446.73
22	Commissioner Cum Secretary, Water Resources (Irrigation), Water (Irrigation ) Department, Jharkhand, Ranchi Joint Secretary, Water Resources Department, Jharkhand	200.94
	<b>Total</b>	<b>11802.24</b>

A majority of the Controlling Officers mentioned above had failed to reconcile the expenditure incurred by the units under their control with the accounts of the Accountant General (A&E) for last five years. The unreconciled expenditure of the State was ₹ 9017.10 crore and ₹ 11496 crore against 75 and 79 Controlling Officers during 2007-08 and 2008-09 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 Contingency 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 Contingency Fund is in the nature of an imprest and its corpus is ₹ 150 crore. A review of relevant records revealed that the advances from Contingency Fund were made for meeting expenditure which neither seemed to be unforeseen nor of emergent nature, such as, purchase of bicycle for distribution among school students ( ₹ 26.40 crore under Major Head 2225 and 4225), repair and maintenance of State roads ( ₹ 20.00 crore under Major Head 3054), women self-employment programme ( ₹ 50.00 crore under Major Head 2501), leave travel concession, office expenditure, fuel ( ₹ 0.12 crore under Major Head 2070) 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. Scrutiny of accounts revealed PD accounts were not closed at the end of the financial year and ₹ 69.28 crore was the balance at the end of March 2010.

## 2.7 Outcome of Review of Selected Grants

### 2.7.1 *Review of Grant no. 42- Rural Development Department revealed the following discrepancies:*

- (i) The budget estimates of 2009-10, required to be submitted in the months of September and October were submitted by the Controlling Officer of the Rural Development Department in the month of January, *i.e.* after a delay of more than three months.
- (ii) According to Rule 57 of the Budget Manual, “over estimate is a fault” and should be avoided. However, review of Appropriation Accounts 2009-10 revealed that the provisions of the Budget Manual were not followed by the departmental authorities which resulted in a savings of 24 *per cent* of the total provisions under the revenue section.
- (iii) The department had persistent savings during the last five years which was indicative of failure of budgetary control and preparation of budget without ascertaining the actual requirements from district units. This also showed that the budgets were not prepared on the basis of expenditure of the last three years as required under provisions of the budget manual.
- (iv) During 2009-10, ₹ 202.16 crore was drawn on AC Bill by the DDOs of the Department of which DC Bills for ₹ 15.03 crore only were submitted during the period.

### 2.7.2 *Performance of various schemes under the Department*

#### (i) **Backward Region Grant Fund (BRGF)**

- (a) According to Rule 340 of the Jharkhand Financial Rules, grants-in-aid can be given to a person or body independent of the Government. One department of the Government cannot give grants-in-aid to another department of the same Government. Para 4.6 of the guidelines of Backward Region Grant Fund clearly envisages that BRGF funds should be transferred to the bank accounts of Panchayats, Municipalities and other implementing authorities within 15 days of their receipt in the Consolidated Fund of the State. Further, as per para 4.1.1 of the BRGF guidelines, the Panchayats, Municipalities and District Planning Committee constituted in accordance with Part IX and IX-A of the constitution would undertake the management of the programme. No special bodies, management committees, societies etc shall be set up for implementing the scheme at any Panchayat level or ULB level. Scrutiny disclosed that BRGF funds were transferred to different Deputy Commissioners of the States after delays of 22 to 155 days.
- (b) Out of the total available funds of ₹ 397.26 crore, the department could utilised only ₹ 151.85 crore (38.22 *per cent*)

due to poor progress of execution of schemes. Only 1749 schemes were completed out of 4049 schemes.

- (c) Out of ₹ 322.56 crore to be released by GOI during 2009-10, ₹130.52 crore was not released to the State due to non utilisation of amount of first instalment, non-receipt of proposals for new schemes etc.

**(ii) National Rural Employment Guarantee Act (NREGA)**

- (a) Out of the total available funds of ₹ 1916.29 crore for this scheme at the end of 2009-10 only ₹ 1379.70 crore was spent. Further, out of total 160813 schemes, only 75767 (47 *per cent*) schemes completed at the end of 2009-10.
- (b) Rupees 188.05 crore was released in the last month of the financial year which affected the progress of the schemes.

**(iii) Indira Awas Yojana**

Out of the total available fund of ₹ 647.12 crore for this scheme at the end of 2009-10, only ₹ 398.08 crore were spent. Further, out of 303684 schemes, only 94032 (31 *per cent*) schemes were completed at the end of 2009-10. Non-achievement of targets deprived people below the poverty line of the intended benefits despite available funds.

**(iv) Sampoorn Gramin Swarojgar Yojana (SGSY)**

Out of the total available funds of ₹ 178.63 crore for this scheme at the end of 2009-10, only ₹ 132.55 crore was spent. The State could tap only ₹ 69.03 crore out of the total Central allocation of ₹ 97.66 crore for the year 2009-10. Further, ₹ 14.66 crore was released in March 2010, which affected the progress of the schemes.

The above points showed financial mismanagement and failure of budgetary control in the department.

## **2.8 Conclusion**

---

During 2009-10, out of the total budget of ₹ 25941.58 crore, savings of ₹ 6398.68 crore (25 *per cent*) occurred. Persistent savings for the last five years were also recorded in departments performing Social Services and Economic Services. Excess expenditure of ₹ 116.71 crore over provisions made under Appropriation no. 14 required regularisation under Article 205 of the Constitution of India.

During 2009-10, expenditure amounting to ₹ 14975.52 crore was not reconciled by the departmental Controlling Officers with the books of the Accountant General (A&E). The percentage of DC bills submitted against AC bills drawn during 2000-10 was 42.81 *per cent* as on 13 October 2010.

## **2.9 Recommendations**

---

- Budgetary controls should be strengthened in all the Government departments, specially in those departments where savings/excesses were highlighted 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 draw temporary advances from the Contingency Fund of the State only on valid grounds.
- Heads of Departments should ensure settlement of pending detailed contingent bills.
- Rush of expenditure during the fag end of the financial year should be avoided.