

2.1 Introduction

2.1.1 Appropriation Accounts are the accounts of 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 revenue and capital expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, 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 the various grants is within the authorization given under the Appropriation Act and that 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 laws, relevant rules, regulations and instructions.

2.1.3. As per the Bihar Budget Manual, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Departments on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demands for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands the exercise of foresight, both in estimating revenue and anticipating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither larger nor smaller. A saving in spending constitutes as much of a financial irregularity as an excess of expenditure. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2010-11 against 51 grants/appropriations is given in **Table 2.1**.

Table 2.1: Actual Expenditure *vis-a-vis* Original/Supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings (-) / Excess (+)
Voted	I Revenue	36244.29	7979.89	44224.18	34842.39	(-) 9381.79
	II Capital	10433.96	3548.67	13982.63	9281.25	(-) 4701.38
	Loans and Advances	730.67	471.20	1201.87	1102.64	(-) 99.23
Total Voted		47408.92	11999.76	59408.68	45226.28	(-) 14182.40
Charged	IV Revenue	4602.03	3.42	4605.45	4401.75	(-) 203.70
	V Capital	0.00	0.00	0.00	0.00	0.00
	Public Debt-Repayment	1915.56	362.39	2277.95	2190.02	(-) 87.93
Total Charged		6517.59	365.81	6883.40	6591.77	(-) 291.63
	Appropriation to Contingency Fund (if any)					
Grand Total		53926.51	12365.57	66292.08	51818.05	(-)14474.03

(Source: Appropriation Accounts, Government of Bihar)

Note: The expenditure includes recoveries of revenue expenditure amounting to ₹1028.22 crore and recoveries of capital expenditure amounting to ₹85.32crore, adjusted as reduction of expenditure.

Supplementary provisions of ₹ 12365.57 crore obtained during the year constituted 23 *per cent* of the original provision as against 12 *per cent* in the previous year.

The overall savings of ₹ 14474.03 crore were the result of savings of ₹ 14747.74 crore in 44 grants and five appropriations, offset by excess of ₹ 273.71 crore in two grants/appropriations under the Revenue Section. The excess of ₹ 273.71 crore requires regularisation under Article 205 of the Constitution.

The cases of savings/excesses were intimated (June 2011) by Accountant General (A&E), Bihar to the Controlling Officers, requesting them to explain the reasons for significant variations but their explanations had not been received (November 2011).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation *vis-à-vis* Allocative Priorities

Rule 65 of the Bihar Budget Manual provides that the Controlling officer should examine the budget estimates received from the disbursing officers to see that they are formally correct, that all details and explanations have been given and that the explanations are adequate. If inadequate, the provision should be altered. Further, under Rule 78 of the Bihar Budget Manual, copies of estimates received should be examined by the administrative department and the Finance Department, and any point calling for examination should be dealt with at once. The administrative departments should not wait for the Finance Department to discover points

requiring examination, but should proceed with the examination of the estimates immediately on their receipt.

The object of the examination by the administrative department is to detect excessive or inadequate provisions in the budget estimates and its revisions which they can do more easily than the Finance Department in view of their more intimate knowledge of the actual conditions. It is also necessary that there should be no delay in getting replies to the budget slips issued by the Finance Department. This can only be achieved if the points referred to by the Finance department have been previously considered by the administrative department concerned and enquiries had been made by them in advance. It is of the utmost importance that a budget slip should ordinarily be answered within a week of its receipt and in no case should a slip remain unanswered for more than a fortnight.

Appropriation audit revealed that savings of ₹ 14717.27 crore had occurred in 41 cases, exceeding ₹ 10 crore in each case (*Appendix 2.I*). The major savings under the Revenue Voted Section occurred in departments like the Urban Development and Housing Department (₹ 1531.90 crore); the Disaster Management Department (₹ 1355.21 crore), the Human Resources Department (₹ 1229.32 crore), the Water Resources Department (₹ 1722.90 crore) and the Finance Department (₹ 1174.44 crore) in the Capital Voted Section. The reasons for the savings have not been intimated (November 2011).

Table-2.2: List of Grants with savings of ₹ 500 crore and above

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings	Surrenders
Revenue-Voted							
1	16-Panchayati Raj Department	1288.69	600.15	1888.84	1297.80	591.04	550.99
2	21-Human Resources Department	9348.22	546.91	9895.13	8665.81	1229.32	836.27
3	39-Disaster Management Department	382.60	1607.60	1990.20	634.99	1355.21	370.75
4	48-Urban Development and Housing Department	1788.78	354.68	2143.46	611.56	1531.90	792.00
5	51-Social Welfare Department	2349.01	341.14	2690.15	2082.53	607.62	597.55
	Total	15157.30	3450.48	18607.78	13292.69	5315.09	3147.56
Capital-Voted							
6	12-Finance Department	35.52	1158.00	1193.52	19.08	1174.44	8.30
7	49-Water Resources Department	2279.76	752.95	3032.71	1309.81	1722.90	1600.91
	Total	2315.28	1910.95	4226.23	1328.89	2897.34	1609.21
	Grand Total	17472.58	5361.43	22834.01	14621.58	8212.43	4756.77

(Source: Appropriation Accounts, Government of Bihar)

Some cases of savings exceeding ₹ 500 crore are discussed below:

i. Grant Number “16-Panchayati Raj Department” (Revenue Voted)

Against the provision of ₹ 1888.84 crore, the expenditure was only ₹ 1297.80 crore, resulting in savings of ₹ 591.04 crore. Further, augmentation of funds (₹ 600.15 crore) through supplementary grants proved unnecessary as out of ₹ 600.15 crore, only ₹ 9.11 crore was utilized and the rest (₹ 591.04 crore) was saved. ₹ 550.99 crore was surrendered on 31 March 2011. The savings were due to non-receipt of demands, non-submission of utilization certificate and non-drawal of amount by the district. Reasons for final savings have not been intimated.

ii. Grant Number “21-Human Resource Department” (Revenue Voted)

Supplementary provisions of ₹ 546.91 crore proved unnecessary as the total expenditure of ₹ 8665.81 crore was less than the original budget (₹ 9348.22 crore). Savings (₹ 1229.32 crore) occurred mainly under the head 2202-General Education, 01-Elementary Education, 112-National Programme of Mid-Day-Meals in Schools, 0101-Mid-Day-Meal project (₹ 75 crore), 198-Assistance to Gram Panchayat, 0002-Consolidated payment to Panchayat teachers (₹ 120.72 crore), and 02-Secondary Education, 109-Government Secondary Schools, 0001-Other Schools (₹ 103.56 crore). Reasons for final savings have not been intimated.

iii. Grant Number “39-Disaster Management Department” (Revenue Voted)

The grant closed with savings of ₹ 1355.21 crore against the total budget of ₹ 1990.20 crore. Savings occurred mainly under the head 2245-Relief on account of Natural Calamities, 05-Calamity Relief Fund, 101-Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund, 0001-State Disaster Response Fund (₹ 886.26 crore). Reasons for final savings have not been intimated.

iv. Grant Number “48-Urban Development and Housing Department” (Revenue Voted)

Against the provisions of ₹ 2143.46 crore, the expenditure was only ₹ 611.56 crore, resulting in savings of ₹ 1531.90 crore. Further augmentation of funds (₹ 354.68 crore) through supplementary grants proved unnecessary as the total expenditure of ₹ 611.56 crore was less than even the original estimates of ₹ 1788.78 crore. Savings (₹ 1531.90 crore) occurred mainly under the head 2217-Urban Development, 80-General, 800-Other Expenditure, 0116-Grants-in-aid to Urban Local Bodies for integrated Urban Development (₹ 246.06 crore), 0122-For Jawaharlal Nehru National Urban Renewal Mission Scheme (₹ 194.86 crore) and 0123-Integrated Housing and Slum Area Development Programme (₹ 95.93 crore) due to reduction in plan outlay. Reasons for final savings have not been intimated.

v. Grant Number “51-Social Welfare Department” (Revenue Voted)

The grant closed with savings of ₹ 607.62 crore, which included supplementary grants of ₹ 341.14 crore. In view of the overall savings, the supplementary grants provided during March 2011 proved unnecessary as the expenditure (₹ 2082.53 crore) did not even come to the level of the original budget (₹ 2349.01 crore). Reasons for final savings have not been intimated.

vi. *Grant Number “49-Water Resources Department” (Capital Voted)*

The grant closed with savings of ₹ 1722.90 crore, which included supplementary grants, of ₹ 752.95 crore. In view of the overall savings, the supplementary grants provided during March 2011 proved unnecessary as the expenditure (₹ 1309.81 crore) did not even come up to the level of the original budget (₹ 2279.76 crore). The savings (₹ 1722.90 crore) occurred mainly under heads 4700-Capital Outlay on Major Irrigation, 04-Irrigation Project for Kiul-Badua-Chandan Basin (Non-Commercial), 800-Other Expenditure, 0102-Irrigation Project for Kiul-Badua-Chandan Basin [(works) (AIBP)] (₹ 18.22 crore) and 4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 001-Direction and Administration, 0108-Anti Erosion Work on River Ganga-Centrally Sponsored Schemes, 25 *per cent* State Share (Works) (₹ 75.99 crore) due to revision in plan outlay of AIBP. Reasons for final savings have not been intimated.

2.3.2 *Persistent Savings*

Audit scrutiny revealed that during the last five years, in 11 cases, there were persistent savings of more than ₹ 20 crore in each case. Such savings ranged between 11 to 76 *per cent* of the total grants (*Appendix 2.2*). Reasons for the persistent savings have not been intimated (November 2011).

2.3.3 *Excess over provisions relating to previous years requiring regularization*

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, expenditure amounting to ₹ 7115.94 crore for the year (1977-2010) was still to be regularized as shown in *Appendix 2.3*.

2.3.4 *Excess over provisions during 2010-11 requiring regularization*

Excesses in two grants/appropriations as detailed in **Table 2.3**, amounting to ₹ 273.71 crore over authorizations from the Consolidated Fund of the State during 2010-11, required regularization under Article 205 of the Constitution.

Table 2.3: Excess expenditure during the year 2010-11

(₹ in crore)

Sl. No.	Number and name of grants/appropriations	Total grants/appropriations	Expenditure	Excess
Revenue- Voted/Charged				
1	05-Governor Secretariat	5.50	5.85	0.35
2	15-Pension	5868.08	6141.44	273.36
Total		5873.58	6147.29	273.71

2.3.5 Unnecessary/Inadequate supplementary provisions

Rule 117 of the Bihar Budget Manual lays down the procedure for obtaining supplementary grants. As per this Rule, when the administrative department considers that a supplementary grant is necessary, whether to meet a new specific item of expenditure or to cover a probable excess in the voted grant due to unforeseen causes, it should first consult the Finance Department.

Supplementary provisions aggregating ₹ 3684.99 crore obtained in 34 cases (30 grants/appropriations), involving ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions also, as detailed in **Appendix 2.4**.

Further in the case of Grant No.05, supplementary provision totalling ₹ 0.06¹ crore proved insufficient, leaving an aggregate uncovered excess expenditure of ₹ 0.35 crore. Interestingly, ₹ 0.17 crore was also injudiciously surrendered on 31 March 2011.

From the above facts, it is clear that the Controlling Officers failed to exercise their responsibilities envisaged under Rule 11 of the Bihar Financial Rules. Demands for supplementary provisions without assessing the actual requirements and injudicious surrender of funds under grants having uncovered excess expenditure indicated lack of control on the part of the controlling authorities.

2.3.6 Excessive/unnecessary re-appropriation of funds

Rule 37 of the Bihar Budget Manual defines re-appropriation as the transfer of funds by a competent authority of a particular sum of money from one unit of appropriation to meet the specific expenditure under another.

Audit scrutiny revealed that under 11 grants involving 26 sub-heads, additional funds of ₹ 54.29 crore provided through re-appropriation proved unnecessary as the final savings was ₹ 91.82 crore, as detailed in **Appendix 2.5**. Similarly, in nine cases involving seven grants, ₹ 108.09 crore was injudiciously withdrawn through re-appropriations, when there was a total excess expenditure of ₹ 40.81 crore under these grants as detailed in **Table-2.4**.

¹ Original ₹ 5.44 crore, Supplementary ₹ 0.06 crore, Actual expenditure ₹ 5.85 crore, Surrender ₹ 0.17 crore and Excess ₹ 0.35 crore

Table 2.4: Insufficient withdrawal through re-appropriation of funds

(₹ in crore)

Sl. No.	Grant No.	Head of Accounts and Description	Total Provision	Re-appropriation	Final Excess
1	1	2401-Crop Husbandry, 109-Extension and Farmer's Training, 0001-Divisional, District and Sub-divisional Establishment	114.36	-1.50	0.40
2	3	2059-Public Works, 80-General, 053-Maintenance and Repairs, 0001-Maintenance and repairs	112.00	-2.19	1.74
3	9	2425-Co-operation, 001-Direction and Administration, 0002-Superintendence	38.35	-1.18	0.02
4	21	2202-General Education, 01-Elementary Education, 101-Government Primary Schools, 0001-Government Primary and Middle School	2481.00	-0.20	17.40
5	41	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 101-Bridges, 0105-Construction of Road and Bridge between Market and Remote Area from Bihar Commercial Fund	100.00	-25.00	15.99
6	41	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 337-Road Works, 0106-Central Road Fund	80.00	-20.00	2.89
7	41	5054-Capital Outlay on Roads and Bridges, 03-State Highways, 337-Road Works, 0109-Construction of Road and Bridge for connecting market and sojourn regions (Bihar Trade Development Fund)	220.00	-55.00	0.46
8	43	2203-Technical Education, 001-Direction and Administration, 0001-Directorate of Technical Education	2.02	-0.02	0.43
9	49	2701-Medium Irrigation, 80-General, 001-Direction and Administration, 0001-Headquarters Secretariat Establishment (Engineer-in-Chief)	12.26	-3.00	1.48
Total			3159.99	-108.09	40.81

(Source: Grants Register & Detailed Appropriation Accounts, Government of Bihar)

Under the Head 2059-“Public Works, 80-“General”, 053-“Maintenance and Repairs”, 0001-Maintenance and Repairs of Grant No.03, ₹ 2.19 crore was withdrawn through re-appropriation, whereas excess expenditure of ₹ 1.74 crore occurred.

Under the Head 5054-“Capital outlay on Roads and Bridges”, 03-“State Highways”, 101-“Bridges”, 0105-“Construction of Roads and Bridges between Markets and Remote Areas from Bihar Commercial Fund” under Grant No. 41, ₹ 25 crore was withdrawn through re-appropriation, whereas excess expenditure of ₹ 15.99 crore was incurred. The above facts revealed that instead of providing additional funds to meet additional requirements, there was withdrawal of funds from the deficient accounts. Further, in 50 cases, withdrawals through re-appropriation of ₹ 116.19 crore proved insufficient since there remained savings of ₹ 243.21 crore under the relevant detailed heads of these grants as shown in *Appendix 2.6*.

The above instances are indicative of the fact that the Controlling Officers failed to anticipate their actual requirements and did not have up-to-date information regarding expenditure and re-appropriation. Withdrawals were not need-based but were resorted to in an adhoc manner.

2.3.7 Substantial surrenders

Rule 112 of the Bihar Budget Manual provides that all anticipated savings should be surrendered to Government immediately as and when foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses.

In 25 grants/appropriations involving 72 sub-heads, out of a total provision of ₹ 4879.59 crore, funds amounting to ₹ 3629.82 crore (₹ five crore and above in each case) were surrendered as indicated in **Appendix 2.7**. The surrender under each unit ranged between 50.70 to 99.83 *per cent*. These funds were surrendered on account of either non-implementation or slow implementation of schemes or programmes.

Further, there was 100 *per cent* surrender of funds (₹ 1817.18 crore) in 93 schemes under 26 grants/appropriations (**Appendix 2.8**) due to non-implementation of schemes and the beneficiaries were deprived of the benefits and services which could have been derived from these schemes.

2.3.8 Surrender in excess of actual savings

In eight cases, the amount injudiciously surrendered (₹ 50 lakh or more in each case) was in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 738.69 crore, the amount surrendered was ₹ 1012.14 crore, resulting in excess surrender of ₹ 273.45 crore as given in **Appendix 2.9**. Injudicious surrenders of non-existent surpluses were not in conformity with the above provision and indicated lack of monitoring by the Controlling Officers of the departments.

2.3.9 Anticipated savings not surrendered

Audit scrutiny revealed that in violation of Rule 112 of the Bihar Budget Manual, savings of ₹ 4223.89 crore out of savings of ₹ 7544.26 crore involving 22 grants/appropriations were not surrendered as indicated in **Appendix 2.10**.

Besides, in 35 cases, where there was surrender of funds in excess of ₹ 10 crore in each case ₹ 4012.34 crore was (**Appendix 2.11**) surrendered on the last two working days of March 2011.

This shows that the Controlling Officers failed to discharge their basic responsibility of being accountable for budgetary control. These funds were neither utilized for the purposes for which they were allotted nor were these made available for utilization of other needy departments by re-appropriation.

2.3.10 Rush of Expenditure

As per Rule 113 of the Bihar Budget Manual, no money should be spent hastily or in an ill-considered manner merely because it is available or just to avoid the lapse of a grant. In public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which could wait till the next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

Contrary to this, in respect of 26 Major heads listed in *Appendix 2.12*, expenditure exceeding 50 *per cent* of the total expenditure for the year was incurred during the last quarter of the year or in the month of March 2011.

In addition to the violation of Rule 113 of the Bihar Budget Manual, the economy in such expenditure could not be ascertained.

2.4 Unreconciled Expenditure

Rules 475 (viii) of the Bihar Financial Rules states that heads of departments and the Accountant General (A&E), Bihar will be jointly responsible for the reconciliation of the figures given in their respective accounts maintained by the heads of the departments with those that appear in the books of Accountant General (A&E), unless in any case there are special rules or orders to the contrary.

Although non-reconciliation of departmental figures with those of the Accountant General (A&E) had been pointed out regularly in Audit Reports, under 80 Major heads, heads of departments did not reconcile expenditure amounting to ₹ 43444.37 crore (exceeding ₹ 10 crore in each case) during 2010-11 as shown in *Appendix 2.13*. Out of these Major heads, ₹ 23642.70 crore (54.42 *per cent*) related to five Major² heads.

2.5 Advances from Contingency Fund

The Contingency Fund of the State was established under the Bihar Contingency Fund Act, 1950, in terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest. The balance at the beginning of the year on 1 April 2010 was ₹ 350 crore. The State Legislature raised the corpus of the Contingency Fund from ₹ 350 crore to ₹ 1500 crore on temporary basis for the current financial year for relief and rehabilitation measures. However, the corpus of the fund was reverted back to ₹ 350 crore at the end of the financial year.

During 2010-11, Government sanctioned 119 withdrawals amounting to ₹ 1349.54 crore (2.04 *per cent* of total budget provision), of which 55 withdrawals amounting to ₹ 680.92 crore (50 *per cent* of the total Contingency Fund) (*Appendix 2.14*) were for routine expenditure such as purchase of motor vehicles, office expenditure, pay and allowances, assistance to farmers, crop premium etc. Since these items were foreseeable expenditure, the drawal of advances from the Contingency Fund of the State was irregular and incorrect, notwithstanding the fact that entire amount was recouped during the year.

2.6 Review of a Selected Grant

A review of budgetary procedure and control over expenditure of Grant No. “49-Water Resources Department³” was conducted (August 2011) on

² 2049-Interest Payment, 2055-Police, 2071-Pensions and other retirement benefits, 2202-General Education and 5054-Capital Outlay on Roads and Bridges

³ Dealing with, 2700-Major Irrigation, 2701-Medium Irrigation, 2705-Command Area Development, 2711-Flood Control and Drainage, 3451-Secretariate-Economic Services, 4700-

the basis of savings, excesses and magnitude of the grants and supplementary demands made during the year 2010-11. Important points noticed during the review are detailed below:

2.6.1 Grant No. 49 Water Resources Department

Against the budget provision of ₹ 4010.22 crore (Original: ₹ 3005.36 crore and Supplementary: ₹1004.86 crore) under the grant, an expenditure of ₹ 2056.56 crore was incurred, resulting in savings of ₹1953.66 crore (48.71 per cent of total provisions) (**Appendix 2.15**) as discussed below:

- i* Against the total savings of ₹ 1953.66 crore under the grant, an amount of ₹ 1812.40 crore was surrendered during the year 2010-11, out of which an amount of ₹ 468.82 crore was surrendered on 31 March 2011. Funds amounting ₹ 141.26 crore were not surrendered, indicating inadequate financial control and the fact that these funds could not be utilised on other schemes/programmes of the Government.
- ii* In view of savings of ₹ 1953.66 crore, supplementary provisions of ₹ 1004.86 crore (₹ 251.91 crore under 'Revenue' and ₹ 752.95 crore under 'Capital' heads) proved unnecessary as the actual expenditure (₹ 2056.56 crore) did not come up even to the level of the original provision (₹ 3005.36 crore).
- iii* Savings under Revenue (Voted) section, occurred mainly under heads, 2700-Major Irrigation, below minor heads, 01-Irrigation Project of Koshi Basin (Commercial), 001-Direction and Administration (Non-Plan), 0001-Establishment (₹ 1.60 crore), 101-Maintenance and Repairs (Non Plan), 0002-Other Maintenance Expenditure (₹ 1.30 crore), 03-Irrigation Project of Sone-Basin (Commercial), 001-Direction and Administration (Non-Plan), 0001-Establishment (₹ 2.54 crore) and 101-Maintenance and Repair (Non Plan), 0002-Other Maintenance Expenditure (₹ 16.47 crore), 2701-Medium Irrigation, 01-Major Irrigation (Commercial), 101-Koshi Project (Non-Plan), 0002-Other Maintenance Expenditure (for Kamala and North Bihar) (₹ 1.51 crore), 2705-Command Area Development, 001-Direction and Administration (State Plan), 0102-Area Development Command Level (₹ 4.75 crore) and 2711-Flood Control and Drainage, 01-Flood Control, 001-Direction and Administration (Non-Plan), 0003-Regional Establishment (₹ 7.66 crore) due to restriction imposed by the Finance Department and surrender of funds by regional offices. Reasons for final savings have not been intimated.
- iv* Savings under the Capital (Voted) Section (₹ 1722.90 crore) occurred mainly under the heads 4700-Capital Outlay on Major Irrigation, 04-Irrigation Project for Kiul-Badua-Chandan Basin (Non-Commercial), 800-Other Expenditure (State Plan), 0102-Irrigation Project of Kiul-Badua-Chandan Basin (AIBP) (₹ 18.22 crore), 0103-Irrigation Project for Kiul-Badua-Chandan Basin (NABARD) (₹ 6.50 crore), 4701-Capital Outlay on Medium Irrigation, 04-Medium Irrigation (Non-Commercial), 800-Other

Capital Outlay on Major Irrigation, 4701-Capital Outlay on Medium Irrigation, 4711-Capital Outlay on Flood Control Projects and 6701-Loans and Medium Irrigation

Expenditure (State Plan), 0101-Irrigation Project for Kiul-Badua-Chandan Basin (Works) (₹ 6.03 crore) and 4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 001-Direction and Administration (State Plan), 0108-Anti Erosion Work on River Ganga (₹ 75.99 crore) due to revision in plan outlay of Accelerated Irrigation Benefit Programme and inclusion of scheme in the Accelerated Irrigation Benefit Programme. Reasons for final savings have not been intimated.

- v The entire provision of ₹ 541.50 crore made for execution of five schemes/works (**Appendix 2.16**) under different sub-heads remained unutilised and was consequently surrendered mainly due to non-sanctioning of schemes and inclusion of the scheme in the Plan outlay of Accelerated Irrigation Benefit Programme. This indicated that the projections were made without adequate planning.
- vi Against the provision of ₹ 370.38 crore made under seven Major heads (**Appendix 2.17**), a total amount of ₹ 99.20 crore was injudiciously surrendered by reappropriations and an expenditure of ₹ 292.27 crore was incurred on these works. This resulted in excess expenditure of ₹ 21.09 crore which indicated ineffective control over expenditure by drawing and disbursing officers and controlling officers.
- vii Rule 113 of the Bihar Budget Manual provides that it is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner, merely because it is available or that the lapse of a grant could be avoided. In the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which might wait till next year. A rush of expenditure particularly in the closing month of the financial year will ordinarily be regarded as a breach of financial regularity. During 2010-11, an expenditure of ₹ 1395.68 crore was incurred under five Major heads, (**Appendix 2.19**) of which, expenditure of ₹ 530.74 crore (38 *per cent*) was incurred during March 2011. Rush of expenditure during the month of March 2011 showed non-adherence to the financial rules.

2.7 Conclusion

As seen from the foregoing, against a total appropriation of ₹ 66292 crore, the actual expenditure was ₹ 51818 crore. There was an overall savings of ₹ 14474 crore during the year (21.83 *per cent*). Supplementary appropriations of ₹ 12366 crore obtained during the year were not required in view of the overall savings of ₹ 14474 crore. The Government was still to regularize the excess expenditure of ₹ 7116 crore pertaining to the periods 1977-78 to 2009-10. Excess expenditure of ₹ 274 crore in two grants during the year was to be regularized under Article 205 of the Constitution of India. There were cases of unutilized provisions in 93 schemes during the year. A sum of ₹ 4012 crore was surrendered on the last two days of the financial year. About 83.93 *per cent* of total expenditure was not reconciled. In the Grant No.49-Water Resources Department, as against the budget of ₹ 4010 crore for the year 2010-11, the expenditure

incurred was limited to ₹ 2057 crore (51.28 *per cent*) resulting in an overall shortfall in expenditure of ₹1954 crore (48.72 *per cent* of the total appropriations).

2.8 Recommendations

The Government may:

- ensure that all the departments submit realistic budget estimates, keeping in view the trends of expenditure and the actual requirement of funds in order to avoid large savings/excesses.
- closely monitor the expenditure against the allocations in all departments and avoid incurring of excess expenditure over the grants.
- ensure surrender of funds before the last working day of the closing year so as to enable the Government to utilize the funds on other schemes.
- ensure release of funds are not made at the end of the year.