

Financial Management and Budgetary Control

This Chapter outlines the Rajasthan Government's financial accountability and budgetary practices through audit of Appropriation Accounts. Audit of appropriations seeks to ascertain whether the expenditure actually incurred under 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 law, relevant rules, regulations and instructions.

Box 2.1

Appropriation Accounts

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. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts.

2.1 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 55 grants/appropriations was as given in Table 2.1:

Table 2.1: Actual Expenditure vis-à-vis Original/Supplementary provisions

(Rupees in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
Voted	i. Revenue	26,316.30	3,789.40	30,105.70	28,951.50	(-) 1,154.20
	ii. Capital	7,145.26	488.44	7,633.70	6,658.97	(-) 974.73
	iii. Loans & Advances	109.97	270.96	380.93	340.06	(-) 40.87
Total Voted		33,571.53	4,548.80	38,120.33	35,950.53	(-) 2,169.80
Charged	iv. Revenue	6,484.24	15.53	6,499.77	6,282.48	(-) 217.29
	v. Capital	0.01	0.12	0.13	0.13	-
	vi. Loans & Advances	2,534.28	-	2,534.28	2,432.64	(-) 101.64
Total Charged		9,018.53	15.65	9,034.18	8,715.25	(-) 318.93
Appropriation to Contingency Fund		165.00	-	165.00	165.00	-
Grand Total		42,755.06	4,564.45	47,319.51	44,830.78	(-) 2,488.73

The overall saving of Rs 2488.73 crore was the result of saving of Rs 2932.76 crore in 46 grants and 3 appropriations under Revenue Section, 31 grants and one appropriation under Capital Section, offset by excess of Rs 444.03 crore in 11 grants under Revenue Section and 3 grants under Capital Section.

The saving/excess (Detailed Appropriation Accounts) was intimated (6-05-2009, 18-06-2009 and 15-07-2009) to the Controlling Officers requesting them to explain the significant variations. Reminders were issued regularly to each department by the Principal Accountant General (Accounts and Entitlement) throughout the year 2008-09 to furnish reasons for excesses/savings. Out of 710 sub-heads, explanations for variation were not received (August 2009) in respect of 190 sub-heads (Saving: 87 sub-heads and Excess: 103 sub-heads).

2.2 Financial accountability and Budget management

2.2.1 Appropriation *vis-à-vis* Allocative Priorities

The outcome of the appropriation audit reveals that in 12 cases, savings exceeded Rs 10 crore in each case or by more than 20 per cent of total provision (Appendix 2.1). Against the total savings of Rs 2,488.73 crore, savings of Rs 2,431.83 crore (97.7 per cent)¹ occurred in 12 cases relating to nine grants and two appropriations as indicated in Table 2.2.

Table 2.2: List of Grants/Appropriation with savings of Rs 50 crore and above

No. and Name of the Grant/Appropriation	Original	Supplementary	Total	Actual expenditure	(Rupees in crore)
					Savings
Revenue-Voted					
1. 15-Pensions and other Retirement Benefits	3,000.01	810.00	3,810.01	3,327.78	482.23
2. 30-Tribal Area Development	1,045.43	34.00	1,079.43	888.06	191.37
3. 33-Social Security and Welfare	902.55	258.17	1,160.72	1,108.07	52.65
4. 34-Relief from Natural Calamities	965.32	128.07	1,093.39	1,021.16	72.23
5. 41-Community Development	1,425.09	340.00	1,765.09	1,306.53	458.56
6. 48-Power	1,469.90	-	1,469.90	1,382.68	87.22
Capital-Voted					
7. 27-Drinking Water Scheme	2,651.88	69.00	2,720.88	2,498.05	222.83
8. 33-Social Security and Welfare	50.64	63.53	114.17	34.36	79.81
9. 35-Miscellaneous Community and Economic Services	42.77	A	42.77	(-) 194.05 ²	236.82
10. 46-Irrigation	1,057.52	A	1,057.52	827.33	230.19
11. Interest Payment	6,440.52	A	6,440.52	6,224.25	216.27
Capital-Charged					
12. Public Debt	2,534.28	A	2,534.28	2,432.63	101.65
Total	21,585.91	1,702.77	23,288.68	20,856.85	2,431.83

A: Negligible amount

Source: Appropriation Accounts

The saving of Rs 482.23 crore against total allocation of Rs 3,810.01 crore in "Pensions and other Retirement Benefits" was due to non-drawal of commuted value of pensions by the pensioners because of less cases received for revision/finalisation under Sixth Pay Commission from the pensioners.

¹ exceeding Rs 50 crore in each case.

² see footnote 1 at page 1 (also see page 3).

The saving in "Tribal Area Development" were mainly under the programme Upgradation of schools under success plan (saving: entire provision of Rs 10 crore), Financial Strengthening Scheme (saving: Rs 55.17 crore out of provision of Rs 68 crore) and Central assistance under Backward District Development Fund (saving: Rs 141.30 crore against provision of Rs 206.45 crore) due to reduction in annual plan outlay.

The saving of Rs 468.89 crore against total allotment of Rs 600 crore in Financial Strengthening Scheme under "Community Development" was due to stay order imposed by Rajasthan High Court on *Bhamashah Financial Strengthening and Woman Samridhi Yojana* and code of conduct imposed by Election Commission due to Assembly/Parliament Elections.

The saving of Rs 169.80 crore against total allotment of Rs 472 crore in Rural Water Supply under "Drinking Water Scheme" was mainly due to slow progress of works by the concerned department and consequent less receipt of funds from Government of India.

The saving in "Irrigation" was mainly due to non-sanction of rehabilitation work in Restoration of minor irrigation schemes (saving: Rs 96.04 crore against provision of Rs 99.56 crore), execution of less works under Rajasthan Water Sector Restructuring Project (saving of Rs 20.99 crore out of Rs 72.41 crore) and reduction in annual plan outlay (saving of Rs 46.24 crore against allotment of Rs 96.07 crore).

The saving of Rs 191.26 crore under "Interest Payments" was mainly due to non-raising of new market loans during the year. However, a lump sum provision was estimated in anticipation of payment of interest on various new bonds expected to be raised by the State Government during the year.

The saving of Rs 100 crore against total provision of Rs 100 crore under "Public Debt" was due to non-requirement of ways and means advances during the year.

Besides, under 'Social Security and Welfare' Government obtained supplementary provision of Rs 67.77 crore in July 2008 in anticipation of implementation of *Devnarain Yojana*; but the entire provision was surrendered on 31 March 2009 due to non-implementation of *Devnarain Yojana*.

2.2.2 Persistent savings

In two cases, there were persistent savings of more than Rs 1 crore in each case and also by 10 per cent or more of the total grant (Table 2.3) during the last five years.

Table 2.3: List of Grants indicating persistent savings during 2004-09

(Rupees in crore)

No. and Name of the Grant	Amount of savings				
	2004-05	2005-06	2006-07	2007-08	2008-09
Capital-Voted					
24-Education, Art and Culture	13.35	10.27	19.97	12.78	21.69
46-Irrigation	92.62	131.18	249.24	172.54	230.19

The persistent savings ranged from Rs 10.27 crore to Rs 21.69 crore of the total budget during 2004-09 in Grant No. 24. The main reason for saving of Rs 11.10 crore in 2007-08 against total estimation of Rs 30 crore was short execution of construction works of additional class rooms, water tank, toilets and ramp in secondary school through NABARD RIDF-XI. In the same scheme during the year 2008-09 the saving of Rs 23.45 crore (partly offset by excess in other schemes) against the allotment of Rs 30 crore was again due to short execution of construction works.

In Grant No. 46, the persistent savings ranged from Rs 92.62 crore to Rs 249.24 crore of the total budgets during 2004-09. The main reason for saving was slow progress of works under Rajasthan Water Sector Restructuring Project (savings of Rs 96.86 crore out of Rs 162.14 crore) because of cases pending in court/arbitration and under Restoration of Minor Irrigation Schemes (savings of Rs 16.98 crore against total allotment of Rs 17.01 crore) due to non-receipt of sanction of loan for restoration of minor irrigation works. Besides, in the year 2008-09 saving was due to non-sanction of rehabilitation work in Restoration of minor irrigation schemes (savings of Rs 96.04 crore against allotted funds of Rs 99.56 crore), execution of lesser number of works under Rajasthan Water Sector Restructuring Project (savings of Rs 20.99 crore out of Rs 72.41 crore) and reduction in annual plan outlay (savings of Rs 46.24 crore against allotment of Rs 96.07 crore).

2.2.3 Excess expenditure

In six cases, the programme delivery departments breached expenditure limits set by the Legislature through grants. Such excesses however small are irregular and they require retrospective Legislative sanction through appropriate vote. In these six cases, excess expenditure was Rs 1 crore or more in each case or by more than 10 per cent of the total provisions and the total expenditure exceeded the approved provisions by Rs 201.28 crore (details in **Appendix 2.2**).

Of the above cases, excess expenditure has been observed consistently for the last five years under the Head 2215 'Water Supply and Sanitation' (**Table 2.4**).

Table 2.4: List of Grants indicating persistent excess expenditure during 2004-09

(Rupees in crore)

No. and Name of the Grant	Amount of Excess expenditure				
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted					
27-Drinking Water Scheme					
2215-Water Supply and Sanitation	15.46	18.42	2.08	8.62	58.54
01-Water Supply	(5.04)	(5.6)	(0.6)	(2.2)	(13.1)
102-Rural Water Supply Programmes					
01-Other Rural Water Supply Schemes.					

Source: Appropriation Accounts

The department intimated that excess expenditure was due to excess payment of electric charges and increased digging of tubewells / hand pumps in rural areas. Inadequate provision of funds and consequent excess expenditure indicates weak budgeting and expenditure controls.

2.2.4 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 the excess over a grant/appropriation 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, the excess expenditure amounting to Rs 19.92 crore for the years 2006-2008 was yet to be regularized as detailed in **Appendix 2.3**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in **Table 2.5**.

Table 2.5: Excess over provisions relating to previous years requiring regularization

(Rupees in crore)

Year	Number of Appropriation/grant	Amount of excess over provision	Status of Regularization
2006-07	3/3	0.42	Not regularized by the State Legislature.
2007-08	4/4	19.50	
Total	7/7	19.92	

2.2.5 Excess over provisions during 2008-09 requiring regularization

Table 2.6 contains the summary of total excess in 13 grants amounting to Rs 444 crore over authorization from the Consolidated Fund of State during 2008-09 and requires regularization under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularization during 2008-09

(Rupees in crore)

S.No.	Number and title of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
Voted Grants – Revenue				
1.	9 Forest	3,03.60	3,09.43	5.83
2.	16 Police	15,41.26	15,77.68	36.42
3.	19 Public Works	2,99.19	3,08.66	9.47
4.	20 Housing	31.64	31.79	0.15
5.	21 Roads and Bridges	7,78.79	8,84.36	1,05.57
6.	24 Education, Art and Culture	70,83.90	72,55.55	1,71.65
7.	26 Medical and Public Health and Sanitation	19,55.63	19,64.38	8.75
8.	27 Drinking Water Scheme	13,15.18	14,06.53	91.35
Voted Grants – Capital				
9.	11 Miscellaneous Social Services	6.92	7.96	1.04
10.	21 Roads and Bridges	6,19.68	6,33.37	13.69
Total Voted		1,39,35.79	1,43,79.71	443.92
Charged Grants - Revenue				
11.	16 Police	0.53	0.59	0.06
12.	21 Roads and Bridges	0.08	0.08	– ³
13.	23 Labour and Employment	– ⁴	0.01	0.01
14.	27 Drinking Water Scheme	0.20	0.23	0.03
15.	37 Agriculture	0.02	0.02	– ⁵
16.	43 Minerals	0.01	0.01	– ⁶
Voted Grants – Capital				
17.	45 Loans to Government Servants	– ⁷	0.01	0.01
Total Charged		0.84	0.95	0.11
Grand Total		1,39,36.63	1,43,80.66	4,44.03

Source: Appropriation Accounts

The excess in “Police” and “Education, Art and Culture” was mainly due to payment of arrears and increased pay and allowances as per the recommendations of Sixth Pay Commission. The excess in Revenue and Capital section of “Roads and Bridges” was mainly due to excess expenditure incurred directly by the Border Road Development Board on roads at international border areas.

2.2.6 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs 527.82 crore obtained in seven cases, Rs 1 crore or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in Appendix 2.4. In eight cases, supplementary provision of Rs 1,450.17 crore proved insufficient by more than Rs 1 crore in each leaving an aggregate uncovered excess expenditure of Rs 338.19 crore (Appendix 2.5).

³ Only Rs 184

⁴ Only Rs 3,000

⁵ Only Rs 597

⁶ Only Rs 384

⁷ Only Rs 9,000

Supplementary provisions of Rs 34 crore and Rs 340 crore obtained in Grant Numbers 30 and 41 respectively for payment of incentives and honorarium to families/State employees/Service Providers etc. under *Bhamashah Yojana* for Financial Strengthening Scheme were unnecessary as the actual expenditure was even less than the original budget/supplementary provisions.

Supplementary provisions of Rs 667.98 crore and Rs 125.34 crore in Grant Number 24 and Grant Number 27 respectively were proved inadequate due to incorrect assessment of arrears on account of recommendations of Sixth Pay Commission.

2.2.7 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 resulted in savings of Rs 502.13 crore in 145 sub-heads and excess of Rs 530.46 crore in 135 sub-heads. The re-appropriation and final excess/saving was more than Rs 1 crore in 39 sub-heads as detailed in **Appendix 2.6**.

In Grant No. 15, under Pensions to State employees (Rs 462 crore) and Family Pensions (Rs 110 crore), funds were augmented through re-appropriation to meet expenditure on pension cases as per recommendations of Sixth Pay Commission. The re-appropriation was unnecessary due to receipt of less pension cases for revision/finalisation under Sixth Pay Commission.

In Grant No. 21 under Maintenance and Restoration of Strategic and Border Roads, withdrawal of Rs 30.16 crore through re-appropriation proved excessive as the final expenditure exceeded the reduced provision (Rs 102.16 crore) due to excess expenditure incurred directly on roads by the Border Road Development Board according to sanctions issued by the Government of India.

In Grant No. 24, additional funds of Rs 25.24 crore provided through re-appropriation for payment of arrears of sixth pay commission recommendations to Government Secondary Boys Schools proved insufficient as the final expenditure exceeded the augmented provision by Rs 167.72 crore. This indicates incorrect estimation of arrears.

In Grant No. 27, additional funds of Rs 1.28 crore provided in Other Rural Water Supply Schemes through re-appropriation proved insufficient as the final expenditure exceeded the augmented head by Rs 58.54 crore because of increase in consumption and increase in rates of water and power.

2.2.8 Unexplained re-appropriations

According to Paragraph 189 of State Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as 'based on actual requirements', 'based on trend of expenditure', etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 716 items out of 1142 items (62.7 per cent), reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like 'actual requirement', 'based on latest assessment' and 'restriction of expenditure. Besides, in 829 heads of 26 grants no reasons for additional provision/withdrawal of provision were mentioned. *This also goes against the principle of transparency stipulated in Section 4 of Fiscal Responsibility and Budget Management Act.*

2.2.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision and Rs 10 crore or more was surrendered) were made in respect of 63 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs 3,650.14 crore in these 63 schemes, Rs 2,841.24 crore (77.8 per cent) were surrendered, which included cent per cent surrender in 28 schemes (Rs 1,030.91 crore). The details of selected such cases audited/verified by the Audit are given in **Appendix 2.7**. Reasons for major savings/surrenders have been discussed in para 2.2.1.

2.2.10 Surrender in excess of actual saving

In six cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating lack of inadequate budgetary control in these departments. As against savings of Rs 317.18 crore, the amount surrendered was Rs 330.05 crore resulting in excess surrender of Rs 12.87 crore. Details are given in **Appendix 2.8**. Department did not furnish any reason/explanation regarding surrender in excess of actual savings.

2.2.11 Anticipated savings not surrendered

As per para 138 of State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated.

Out of total savings of Rs 1,774.24 crore under 10 other grants/appropriations (savings of Rs 1 crore and above were indicated in each grant/appropriation) amount aggregated Rs 736.78 crore (41.5 per cent of total savings) were not surrendered, details of which are given in **Appendix 2.9**. Besides, in 26 cases, (surrender of funds in excess of Rs 10 crore in each case), Rs 2,093.88 crore were surrendered on the last two working days of March 2009 (**Appendix 2.10**) indicating weak financial control and as a result these funds could not be utilized for other development purposes. Departments did not furnish any reason/explanation regarding surrender of savings in excess of Rs 10 crore on the last two working days of financial year.

2.2.12 Rush of expenditure

According to para 139 of State Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 10 sub-heads listed in **Appendix 2.11**, expenditure exceeding Rs 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009. **Table 2.7** 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 2.7: Cases of rush of expenditure towards the end of the financial year 2008-09

Major Head	Total expenditure during the year	(Rupees in crore)			
		Expenditure during last quarter of the year		Expenditure during March 2009	
		Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1. 2075-Miscellaneous General Services	17.95	17.60	98.1	17.56	97.8
2. 3451-Secretariat-Economic Services	236.65	223.90	94.6	220.92	93.4
3. 3475-Other General Economic Services	18.51	16.59	89.6	16.17	87.4
4. 3604-Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	25.72	15.81	61.5	13.03	50.7
5. 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	113.42	88.92	78.4	58.41	51.5
6. 4406-Capital outlay on forestry and Wild Life	29.11	19.04	65.4	15.38	52.8
7. 4425-Capital Outlay on Co-operation	13.14	13.11	99.8	13.10	99.7
8. 5452-Capital Outlay on Tourism	13.64	7.34	53.8	6.87	50.4
9. 6004-Loans and Advances from the Central Government	392.01	337.23	86.0	319.34	81.5
10. 6425-Loans for Co-operation	18.73	14.39	92.8	12.76	68.1
Total	878.88	753.93		693.54	

Source: Monthly Report on Expenditure

The Uniform flow of expenditure is a primary objective of budgetary control. As this was not maintained during the year there was strong evidence of weak financial management in the above departments.

2.3 Non-reconciliation of Departmental figures

2.3.1 Pendency in submission of Detailed Countersigned Contingent (DCC) Bills against Abstract Contingent (AC) Bills

As per rule, every drawing officer has to certify in each abstract contingent 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 Principal Accountant General. Out of Rs 1978 crore drawn on AC bills up to 31 March 2009, total amount of DCC bills received up to 31 August 2009 was Rs 1889 crore leading to an outstanding balance of Rs 89 crore. Year wise details are given in Table 2.8.

Table 2.8: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

Year	(Rupees in crore)						
	AC bills		DCC bills		DCC bills as percentage of AC bills	Outstanding AC bills	
	Number	Amount	Number	Amount		Number	Amount
Upto 2003-04	5907	608.95	5812	606.74	99.6	95	2.21
2004-05	4817	178.36	4799	169.62	95.1	18	8.74
2005-06	4564	200.11	4513	197.80	98.8	51	2.31
2006-07	6068	456.78	6016	452.91	99.2	52	3.87
2007-08	3679	236.62	3551	227.79	96.3	128	8.83
2008-09	3102	297.18	2379	234.10	78.7	723	63.08
Total	28137	1978.00	27070	1888.96	95.5	1067	89.04

Source: Vouchers compiled by PAG (A & E)

According to the records of Accountant General (A & E), 80.2 per cent (Rs 71.38 crore) of the outstanding AC bills were in Departments of Election (Rs 2.35 crore), General Administration (Rs 2.37 crore), Police (Rs 5.90 crore), Primary and Secondary Education (Rs 0.88 crore), Relief (Rs 7.54 crore), Revenue (Rs 40.00 crore) and Revenue Board (Rs 12.33 crore). Delay in submission is fraught with the risk of serious financial indiscipline/misappropriation. The department-wise pendency of DCC bills for the years up to 2008-09 is detailed in Appendix 2.12.

2.4 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Act in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are permissible only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. Advances from Rajasthan Contingency Fund may be given for meeting expenditure in the circumstances where (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained. The fund is in the nature of an imprest and its corpus is Rs 200 crore.

Scrutiny of seven sanctions aggregating Rs 49.59 crore issued by the State Government during 2008-09 for grant of advance from the Contingency Fund revealed the following irregularities:

- An advance of Rs 2 crore was sanctioned (September 2008) to Ground Water Department, Rajasthan for Artificial Recharge to Ground water through dug wells scheme on the ground that grant was received by State Government from Government of India through NABARD on 29 August 2008 for implementation of the scheme so the provision could not be included in budget estimates/ supplementary provisions prior to 29 August 2008. It was noticed that an amount of Rs 0.12 crore (6 per cent) only was spent. This indicated that funds were sanctioned from Contingency Fund of the State without urgent requirement.

- An advance of Rs 26 crore was sanctioned (November 2008) to Water Resources Department for *Rashtriya Krishi Vikas Yojana* on the plea that projects of Water Resources Department were not approved by State Level Screening Committee (SLSC) at the time of budget statement of expenditure. It was noticed that out of the sanctioned amount of Rs 26 crore, only Rs 17.59 crore were spent. This indicates that there was no emergent need for resorting to drawal of advance from Contingency Fund.

▶ 2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts is 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 1638 PD accounts in 38 District Treasuries and one Pay and Accounts Offices in operation. Of these, 40 PD accounts were not closed as of March 2009 and the balance of Rs 0.30 crore with these accounts was not transferred back to the respective service Heads. These 40 accounts were not operated since last five years.

▶ 2.6 Conclusions and Recommendation

During 2008-09, expenditure of Rs 44,830.78 crore was incurred against the total grants and appropriations of Rs 47,319.51 crore, resulting in a saving of Rs 2,488.73 crore. The overall savings was the net result of saving of Rs 2,932.76 crore offset by excess of Rs 444.03 crore, This excess requires regularization under Article 205 of the constitution of India. In 26 cases, surrender of funds amounting to Rs 2,093.88 crore in excess of Rs 10 crore was made on the last working day of the financial year, while in 10 grants/appropriations savings of more than Rs one crore and above amounting to Rs 736.78 crore were not surrendered. In 6 cases, Rs 12.87 crore surrendered in excess of savings. In 39 cases, augmentation/reduction of provision by re-appropriation proved either in excess of requirement or insufficient or unnecessary as the final expenditure of the re-appropriated sub-heads resulted in savings/excess by more than Rs 1 crore.

Budgetary controls should be strengthened in all the Government departments, particularly in the three departments where savings/excesses persisted for last five years. Issuance of Re-appropriation/surrender orders at the end of the year should be avoided.