

▶ **2.1 Introduction**

This chapter outlines the Uttar Pradesh 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 authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provision 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 authorised by the Appropriation Acts in respect of both charged and voted items of budget. Appropriation Accounts thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

▶ **2.2 Summary of Appropriation Accounts**

The summarised position of actual expenditure during 2008-2009 against 91 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provision

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings
<i>Voted</i>	I Revenue	61,630.43	7,434.66	69,065.09	62,403.86	6,661.23
	II Capital	28,659.00	3,096.54	31,755.54	31,423.40	332.14
	III Loans and Advances	711.38	197.42	908.80	807.01	101.79
Total Voted		91,000.81	10,728.62	1,01,729.43	94,634.27	7,095.16
Charged	IV Revenue	14,911.69	82.39	14,994.08	14,656.66	337.42
	V Capital	10.54	--	10.54	7.09	3.45
	VI Public Debt-Repayment	16,775.37	2.79	16,778.16	6,776.49	10,001.67
	Total Charged	31,697.60	85.18	31,782.78	21,440.24	10,342.54
Grand Total		1,22,698.41	10,813.80	1,33,512.21	1,16,074.51	17,437.70

Note: Figures of actual expenditure include recoveries adjusted as reduction of expenditure under voted revenue expenditure (Rs 1,091.63 crore) and capital expenditure (Rs 9,084.77 crore).

Source: Appropriation Accounts

Overall savings of Rs 17,437.70 crore was the result of savings of Rs 21,790.88 crore in 111 cases of grants and appropriations under Revenue Section, 57 cases of grants and appropriation under Capital Section and four cases of grants and appropriation (Public Debt-Repayments) under Loan Section, offset by excess of Rs 675.55 crore in 17 cases of grants and appropriations under Revenue Section and Rs 3,677.63 crore in 10 cases of grants under Capital Section.

Savings/excesses (Detailed Appropriation Accounts) were intimated (August 2009) to the Controlling Officers requesting them to explain the significant variations. However, the same were not received (October 2009).

The departments of Food and Civil Supplies (Capital voted: Rs 409.16 crore), Public Works - Building (Capital voted: Rs 769.50 crore), Public Works - Communication Roads (Capital voted: Rs 1,697.88 crore), Finance (Superannuation Allowances and Pensions) (Revenue voted: Rs 521.24 crore) and Irrigation - Works (Capital voted: Rs 670.11 crore) incurred substantial excess expenditure over appropriations. Similarly, the departments having substantial savings were Power (Revenue voted: Rs 302.76 crore, Capital voted: Rs 2,176.69 crore), Agriculture (Revenue voted: Rs 460.99 crore), Panchayati Raj (Revenue voted: Rs 379.24 crore), Medical-Allopathy (Revenue voted : Rs 369.51 crore), Public Works (Establishment) (Revenue voted : Rs 496.58 crore), Finance (Debt Services and Other Expenditure) (Revenue voted: Rs 1,278.98 crore and Capital charged: Rs 10,001.56 crore), Education (Primary Education) (Revenue voted: Rs 646.21 crore) and Social Welfare (Special Component Plan for Scheduled Castes) (Revenue voted: Rs 470.38 crore and Capital voted: Rs 399.73 crore).

► 2.3 Financial accountability and budget management

2.3.1 Appropriation, vis-à-vis, allocative priorities

Outcome of the appropriation audit revealed that in 121 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 21,648.31 crore, savings of Rs 20,566.15 crore (95 *per cent*) occurred in 44 cases (exceeding Rs 50 crore in each case) relating to 29 grants and appropriations as given 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	7- Industries Department (Heavy and Medium Industries)	186.74	10.19	196.93	57.97	138.96
2	9- power Department	2288.70	0.98	2289.68	1986.92	302.76
3	11- Agriculture and Other Allied Departments (Agriculture)	2335.26	58.46	2393.72	1932.73	460.99
4	14- Agriculture and Other Allied Departments (Panchayati Raj)	1170.00	427.50	1597.50	1218.26	379.24
5	21- Food and Civil Supplies Department	141.72	19.29	161.01	31.59	129.42
6	24- Cane Development Department (Sugar Industry)	64.52	561.35	625.87	501.07	124.80
7	26- Home Department (Police)	3628.84	467.91	4096.75	4032.01	64.74
8	31- Medical Department (Medical Education and Training)	823.68	43.83	867.51	771.05	96.46
9	32- Medical Department (Allopathy)	1741.71	139.38	1881.09	1511.59	369.50
10	33- Medical Department (Ayurvedic and Unani)	243.12	26.20	269.32	216.91	52.41
11	35- Medical Department (Family Welfare)	815.80	67.78	883.58	827.33	56.25
12	36- Medical Department (Public Health)	257.81	28.39	286.20	212.11	74.09
13	42- Judicial Department	534.16	53.58	587.74	430.65	157.09
14	45- Environment	88.50	0.12	88.62	2.93	85.69
15	47- Technical Education Department	161.94	18.24	180.18	120.87	59.31
16	48- Muslim Waqf Department	221.15	479.64	700.79	421.39	279.40
17	49- Women and Child Welfare Department	2027.63	170.74	2198.37	2060.21	138.16
18	51- Revenue Department (Relief on account of Natural Calamities)	1134.47	12.63	1147.10	1089.43	57.67
19	52- Revenue Department (Board of Revenue and Other expenditure)	925.68	107.29	1032.97	967.98	64.99
20	54- Public Works Department (Establishment)	716.76	71.23	787.99	291.41	496.58
21	61- Finance department (Debt services and other Expenditure)	4784.82	Nil	4784.82	3505.84	1278.98
22	71- Education Department (Primary Education)	8955.75	644.35	9600.10	8953.88	646.22
23	72- Education Department (Secondary Education)	3042.61	700.42	3743.03	3540.82	202.21
24	73- Education Department (Higher Education)	885.16	86.07	971.23	806.72	164.51
25	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	4068.97	407.46	4476.43	4006.05	470.38
26	95- irrigation Department (Establishment)	1081.00	120.45	1201.45	1122.80	78.65
Total		42326.50	4,723.48	47,049.98	40,620.52	6,429.46

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Capital-Voted						
1	9- Power Department	7778.46	98.00	7876.46	5699.77	2176.69
2	11- Agriculture and other Allied Departments (Agriculture)	239.14	79.60	318.74	164.14	154.60
3	14- Agriculture and Other Allied Departments (Panchayati Raj)	631.23	Nil	631.23	570.95	60.28
4	15- Agriculture and Other Allied Departments (Animal Husbandry)	109.24	Nil	109.24	37.76	71.48
5	24- Cane Development Department (Sugar Industry)	30.00	291.39	321.39	156.11	165.28
6	26- Home Department (Police)	291.20	16.63	307.83	238.21	69.62
7	32- Medical Department (Allopathy)	433.48	213.81	647.29	524.50	122.79
8	38- Civil Aviation Department	59.00	56.80	115.80	73.10	42.70
9	42- Judicial Department	207.50	Nil	207.50	96.34	111.16
10	45- Environment Department	80.65	Nil	80.65	Nil	80.65
11	48- Muslim Waqf Department	27.27	200.00	227.27	59.41	167.86
12	49- Women and Child Welfare Department	60.08	Nil	60.08	0.55	59.53
13	51- Revenue Department (Relief on account of Natural Calamities)	100.00	Nil	100.00	29.93	70.07
14	62- Finance Department (Superannuation Allowances and Pensions)	50.00	50.00	100.00	46.98	53.02
15	83- Social Welfare Department (Special Component Plan for Scheduled Castes)	2946.83	277.26	3224.09	2824.36	399.73
Total		13,044.08	1,283.49	14,327.57	10,522.11	3,805.46
Revenue-Charged						
1	21- Food and Civil Supplies Department	205.01	nil	205.01	nil	205.01
2	61- Finance department (Debt Services and other Expenditure)	14425.77	nil	14425.77	14301.11	124.66
Total		14,630.78	Nil	14,630.78	14,301.11	329.67
Capital-Charged						
1	61- Finance department (Debt services and other Expenditure)	15253.03	nil	15253.03	5251.47	10001.56
Total		15253.03	nil	15253.03	5,251.47	10,001.56
Grand Total		85,254.39	6006.97	91,261.36	70,695.21	20,566.15

Source: Appropriation Accounts

2.3.2 Persistent savings

In four cases involving four grants, there were persistent savings of more than Rs 4 crore in each case and were four *per cent* or more of the total grant during the last five years. The details are given below:

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	40- Planning Department	4.41	6.71	9.27	11.43	32.71
2	49- Women and Child Welfare Department	62.64	37.33	200.47	116.12	138.16
Capital-Voted						
1	26-Home Department (Police)	108.80	135.55	157.87	46.18	69.62
2	61-Finance Department (Debt Services and Other Expenditure)	38.61	25.97	138.40	149.72	21.69

Source: Appropriation Accounts

Persistent savings during the last five years indicated that the budgeting was not proper.

2.3.3 Excess expenditure

Expenditure aggregating Rs 28,135.48 crore exceeded the approved provision by Rs 4,328.06 crore in 18 cases where expenditure was more than Rs 10 crore or more, in each case, or more than 20 per cent of the total provision. Details are given in *Appendix 2.2*. Of these, excess expenditure by more than 20 per cent has been observed in the following grants consistently for the last five years as detailed in **Table 2.4**.

Table 2.4: List of grants with persistent excess expenditure during 2004-09

(Rupees in crore)

Sl. No.	Number and name of the grant	Amount of Excess Expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	58- Public Works Department (Communications Roads)	9.55	58.63	41.05	24.32	58.62
Capital-Voted						
2	55- Public Works Department (Buildings)	132.17	198.34	436.24	644.60	769.50
3	58- Public Works Department (Communications Roads)	1.63	502.05	861.52	1427.82	1697.88

Source: Appropriation Accounts

2.3.4 Excess over provision 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. However, the excess expenditure amounting to Rs 7,121.90 crore for the years 2005-08 was yet to be regularised as detailed in *Appendix 2.3*. The year-wise amount of excess expenditure pending regularisation for grants/ appropriations is summarised in **Table 2.5**.

Table 2.5: Excess over provision relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (Rupees in crore)
	Grants	Appropriations	
2005-06	25	4	1026.78
2006-07	18	6	2484.47
2007-08	12	2	3610.65
Total	55	12	7121.90

Source: Appropriation Accounts

2.3.5 Excess over provision during 2008-09 requiring regularisation

Table 2.6 contains the summary of total excess in six cases of grants and appropriations amounting to Rs 3,399.42 crore over authorisation from the Consolidated Fund of the State during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provision requiring regularisation during 2008-09

(Rupees in crore)

Sl. No.	Name and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess	Excess requiring regularisation
A-Revenue Voted					
1	62- Finance Department (Superannuation Allowances and Pensions)	5065.74	5586.98	521.24	521.24
2	96-Irrigation Department(Works)	1420.30	1450.35	30.05	30.05
	Total (A)	6,486.04	7037.33	551.29	551.29
B-Capital Voted					
3	55- Public Works Department (Buildings)	46.55	816.05	769.50	764.08 ¹
4	58- Public Works Department (Communications- Roads)	2961.35	4659.23	1697.88	1412.85 ²
5	96- Irrigation Department (Works)	2364.29	3034.41	670.12	670.12
	Total (B)	5,372.19	8509.69	3137.50	2847.05
C-Revenue Charged					
6	52- Revenue Department (Board of Revenue and Other Expenditure)	0.46	1.54	1.08	1.08
	Total (C)	0.46	1.54	1.08	1.08
	Grand Total (A)+(B)+(C)	11,858.69	15,548.56	3,689.87	3399.42

Source: Appropriation Accounts

2.3.6 Unnecessary/Inadequate supplementary provision

Supplementary provision aggregating Rs 2,323.20 crore obtained in 51 cases, Rs 50 lakh 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 twelve cases, supplementary provision of Rs 1,646.04 crore proved insufficient by more than Rs 2 crore in each case leaving an aggregate uncovered excess expenditure of Rs 2,791.21 crore (*Appendix 2.5*).

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 savings of Rs 670.73 crore in some cases and excess of over Rs 1,636.57 crore in other cases as detailed in *Appendix 2.6*.

2.3.8 Unexplained re-appropriations

As per Paragraph 158 of the Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statements. However, scrutiny of 327 re-appropriation orders issued by the Finance Department revealed that reasons for additional provision/withdrawal of provision in re-appropriation orders were not explained therein.

¹Rs 5.42 crore adjusted through *pro rata* (Rs 4.12 crore) and met from the Contingency Fund (Rs 1.30 crore).²Rs 285.03 crore adjusted through *pro rata*.

2.3.9 Substantial surrenders

Substantial surrenders (50 *per cent* or more of the total provision) were made in respect of 116 sub-heads either due to non-implementation or slow implementation of schemes/programmes. Out of total provision amounting to Rs 4,981.14 crore in 116 schemes, Rs 3,506.26 crore (70 *per cent*) was surrendered, which included *cent per cent* surrender in 57 schemes (Rs 566.84 crore). The details of such cases are given in *Appendix 2.7*. This indicated that budgeting was not done after proper exercise.

2.3.10 Surrender in excess of actual saving

In 17 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 794.03 crore, the amount surrendered was Rs 943.92 crore resulting in excess surrender of Rs 149.89 crore. Details are given in *Appendix 2.8*.

2.3.11 Anticipated savings not surrendered

As per Budget Manual, spending departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2008-09, there were, however, 47 cases grants/appropriations in which savings occurred but no part was surrendered by the concerned departments. The amount involved in these cases was Rs 4,790.49 crore (22 *per cent* of the total savings) (*Appendix 2.9*).

Similarly, out of total savings of Rs 8,356.17 crore under 76 cases (savings of Rs 1 crore and above), amount aggregating Rs 6,869.88 crore (82 *per cent* of total savings) was not surrendered, the details of which are given in *Appendix 2.10*. Besides, Rs 15,003.81 crore in 41 cases was surrendered (*Appendix 2.11*) (surrender of funds in excess of Rs 10 crore) on the last two working days of March 2009. This indicated inadequate financial control apart from the fact that the funds could not be utilised for other developmental purposes.

2.3.12 Rush of expenditure

Rush of expenditure in the closing month of the financial year should be avoided in terms of Paragraph 211 (e) of the Budget Manual. **Table 2.7** presents the major heads where more than 50 *per cent* expenditure was incurred either during last quarter or during last month of the financial year. This is indicative of the fact that control over expenditure was deficient.

Table 2.7: Rush of expenditure

(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	2015-Elections	95.47	73.59	77	60.81	64
2	2052- Secretariat- General Services	673.92	547.11	81	506.29	75
3	4055- Capital Outlay on Police	239.16	182.15	76	160.37	67
4	4217- Capital Outlay on Urban Development	366.64	310.85	85	259.83	71
5	4235- Capital Outlay on Social Security and Welfare	75.42	73.79	98	59.25	79
6	5053- Capital Outlay on Civil Aviation	71.36	70.29	98	68.28	96
7	5452-Capital Outlay on Tourism	37.92	33.65	89	30.85	81
	Total	1559.89	1291.43	83	1145.68	73

Source: VLC data

► 2.4 Pendency in submission of DCC bills against AC bills

Drawing and disbursing officer is required to certify in each abstract contingent bill that detailed bills for all contingent charges drawn prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

However, 16,140 AC bills involving Rs 225.80 crore and pertaining mostly to the maintenance of vehicles, purchase of petrol, etc., were outstanding at the end of March 2009. This indicated financial mismanagement and lack of internal control. The age wise details are given in **Table 2.8**.

Table 2.8: Outstanding Abstract Contingent bills

Year	Number of outstanding bills	Amount (Rs in crore)
Pertaining to the year prior to 2006-07	8,398	55.79
2006-07	2,776	36.82
2007-08	2,458	89.91
2008-09	2,508	43.28
Total	16,140	225.80

Source: Finance Accounts

The office wise details of pending Detailed Countersigned Contingent bills for the years up to 2008-09 are given in **Appendix 2.12**.

► 2.5 Unreconciled expenditure

To enable the controlling officers to exercise control over expenditure to keep it within the budgeted grants/appropriations and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled every month with that recorded in books of the Accountant General. However, 21 controlling officers did not reconcile (2008-2009) expenditure amounting to Rs 2,083.19 crore. 11 out of 21 controlling officers did not reconcile amounts exceeding Rs 10 crore in each case as given in **Table 2.9**.

Table 2.9: List of controlling officers in whose case amounts exceeding Rs 10 core in each case remained un-reconciled during 2008-2009

(Rupees in crore)

Sl. No.	Controlling officers	Amount not reconciled
1.	Commissioner, Milk, UP, Lucknow	82.38
2.	Chief Accounts Officer, Cooperative Societies and Panchayats, UP Lucknow	159.01
3.	Registrar, Cooperative Societies, UP, Lucknow	119.06
4.	Director, Ayurvedic and Unani, UP Lucknow	438.71
5.	Director, Horticulture, UP Lucknow	123.01
6.	Director, Agriculture, UP Lucknow	199.06
7.	Director, Samaj Kalayan, UP Lucknow	115.97
8.	Engineer-in-Chief, Irrigation, UP Lucknow	87.27
9.	Director, Pensions UP, Lucknow	10.98
10.	Director, Viklang Kalyan, UP Lucknow	295.06
11.	Secretary, Public Works Department, UP Lucknow	418.50
Total		2,049.01

Source: VLC data

► 2.6 Personal Ledger Accounts (PLAs)

The Government framed (1998) Uttar Pradesh Personal Ledger Account Rules. As per these rules, the PLAs were to be opened in the treasuries in favour of the Government Offices, Nigams, Undertakings, Parishads and other Autonomous Bodies with Government's special sanction and under an authority of the Accountant General for depositing amounts remaining unutilised at the close of financial year; funds of Centrally Sponsored Schemes; construction agencies and grants-in aid to the Company, Corporations, *Parishads* and Autonomous Bodies etc.

A review of the financial data furnished by the Director, Financial Statistics, Uttar Pradesh, Lucknow and scrutiny (October 2009) of records of the Director, Basic Education and the Director, Secondary Education revealed:

2.6.1 *Parking of funds in the PLAs against the legislative financial control*

Article 340 (b) of the State Financial Rules provided for the closure of the PLAs at the end of each financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. However, this provision was not included in the aforesaid PLARules, 1998. Further, the Government instructed (August 1999) that the balances of the PLAs, except in case of the PLAs opened in favour of a Government Department, could be carried forward to the next financial year.

As a result, the Nigams, Universities and alike institutions, *Parishads* and Local Bodies did not close their PLAs at the end of each financial year resulting in accumulation of huge amount of Rs 5,754.49 crore in 4,298 PLAs in the State at the close of March 2009. Of 4,298 PLAs, 1,735 (with balances of Rs 425.22 crore at the end of March 2009) were not operated during 2008-09. 109 PLAs with accumulated balances of Rs 4.03 crore

were not operated in fifteen districts for over preceding three years as of March 2009. The accumulation of huge amount in the PLAs was against the principle of the Legislative Financial Control under which appropriations passed in the Legislatures were valid only for one financial year.

2.6.2 Deposits/withdrawals without Accountant General's authority

The aforesaid Rules and subsequent Finance Department's order (August 1999) regulated deposit and withdrawal into/from the PLAs under which the Government departments could transfer funds from the Consolidated Fund to their PLAs but their balances were to lapse at the end of each financial year so as to obviate any misuse. Such PLAs required fresh authority from the Accountant General to operate at the beginning of the next financial year. On the other hand, the Autonomous Bodies, Government Companies/Corporations etc., could keep funds in their PLAs and unspent balances at the end of the financial year were to be carried forward to the next financial year and could withdraw without Accountant General's fresh authority to operate in the next financial year.

Director, Basic Education, Allahabad and Director, Secondary Education Allahabad scrupulously avoided opening of the PLAs in their favour and transferred funds to the PLA of Finance Controller, Basic Shiksha Parishad, Allahabad (an autonomous body) to facilitate withdrawals in the subsequent financial years without Accountant General's authority as given in **Table 2.10**.

Table 2.10: Deposits and withdrawals

(Rupees in crore)

Year	Opening balance	Deposits	Amounts surrendered	Amount spent	Total amounts withdrawn	Closing balance
	1	2	3	4	5 (4+5)	6
Basic Education						
2008-09	24.48	nil	24.32	0.15	24.47	0.01
Secondary Education						
2008-09	68.15	nil	7.95	nil	7.95	60.20
Total	92.63	nil	32.27	0.15	32.42	60.21

Source: Director, Basic Education and Director, Secondary Education

Rupees 60.21 crore remained parked since 2006-07 (Asavit Yojna: Rs 10 lakh) and 2007-08 (Rs 60.11³ crore) indicating unproductive balances and a lackadaisical approach towards execution/ implementation of the activity/schemes for which funds were provided.

The grants/appropriations were not actually spent on achieving physical targets while the same was shown in the Appropriations Accounts as having been spent. The transfer of funds from the Consolidated Fund to the PLAs vitiated the position of actuals against grants/appropriations appearing in the Appropriation Accounts.

³Honoraria to BTC Trainees (Rs 1.20 lakh), Establishment Expenditure of the Directorate Secondary Education (Rs 10 lakh), Scheme of Information and Communication Technology in Secondary Schools (Rs 50 crore), Establishment of secondary schools in educationally backward blocks (Rs 10 crore).

2.6.3. Inflated receipts of the department

Director, Basic Education and Director, Secondary Education had an unspent balance of Rs 92.63 crore at the beginning of the year 2008-09. Out of Rs 92.63 crore, Rs 23.71 crore pertained to the Centrally sponsored schemes of Pradhan Mantri Gramodaya Yojna (Rs 1.94 crore) Operation Black Board (Rs 8.84 crore), Mid Day Meal-conversion charge (Rs 3.36 crore) and Mid Day Meal-transportation charge (Rs 9.57 crore) and were lying unspent for the periods ranging from three to over eight years. Director, Basic Education and Director, Secondary Education deposited Rs 32.27 crore including Rs 23.71 crore of the centrally sponsored schemes in the Consolidated Fund under respective receipt heads of account during 2008-09 under the order (August 2008) of the Finance Department which inflated Government revenues by that amount during 2008-09.

▶ 2.7 Errors in budgeting process

As per paragraph 32 of the Budget Manual, budget estimates should be framed on the basis of expenditure to be incurred on the pay and allowances of the men in position irrespective of sanctioned strength.

However, the posts were vacant mainly in the offices of the Higher Education Director, Regional Higher Education Officers, Government Colleges, aided Institutions during the financial year 2008-09. Despite this, a provision of Rs 669.53 crore was made in the budget (2008-09) on the basis of sanctioned strength rather on the basis of actual men-in-position. As a result, an expenditure of Rs 617.08 crore out of the provision of Rs 669.53 crore could be incurred leaving provision of Rs 52.45 crore unspent.

▶ 2.8 Review of a selected grant

Rupees 1,008.73 crore was provided (2008-09) under Grant Number 73 pertaining to the Education Department (Higher Education) under the control of the Director, Higher Education (Director). Against it, Rs 825.24 crore was spent leaving over all savings of Rs 183.49 crore at the end of March 2009 as detailed in **Table 2.11**.

Table 2.11: Savings under Grant No-73

Particulars	Amounts	Total	Actual expenditure	Savings	Heads of accounts
(In thousands of rupees)					
Revenue Voted					
Original	8,85,16,14	9,71,23,16	8,06,71,91	1,64,51,25	2013- Council of Ministers, 2202- General Education and 2204- Sports and Youth Services
Supplementary	86,07,02				
Capital Voted					
Original	37,50,00	37,50,00	18,52,59	18,97,41	4202- Capital Outlay on Education, Sports, Art and Culture
Supplementary	...				
Grand Total	10,08,73,16	1,00,87,316	8,25,24,50	1,83,48,66	
<i>Amount surrendered:</i>	<i>Revenue voted</i>			<i>1,78,38,56</i>	
	<i>Capital voted</i>			<i>17,12,15</i>	

A review of the aforesaid Grant revealed:

Actual expenditure of Rs 806.72 crore under Revenue voted included an adjustment of Rs 28.52 crore which pertained to periods 2000-01 and accumulated under Head 8658-111-Departmental Adjusting Account. In view of the final saving of Rs 164.51 crore, the surrender of Rs 178.39 crore indicated incorrect estimation of expenditure under the Grant.

As per Paragraph 140 and 141 of the Budget Manual, the controlling officers should submit a statement of anticipated savings to the Finance Department by 25 January and the final savings be surrendered to it by 25 March. Director, however, did not observe this and finally surrendered the savings of Rs 195.51 crore (Revenue Voted: Rs 178.39 crore and Capital Voted: Rs 17.12 crore) on 31 March 2009.

Rupees 30.75 lakh was provided for execution of network cabling and electrical fitting in Government colleges under the Twelfth Finance Commission. In disregard to Paragraph 174 of the Budget Manual under which funds from the treasury should not be drawn unless required for immediate use, Rs 30.75 lakh was withdrawn on 31 March 2009 to avoid its lapse. The amount was refunded (September 2009) to the treasury after retaining it in the form of bank drafts for six months.

Rupees 86.07 crore was provided through supplementary for payment of pay arrears to the teaching/non teaching staff of the colleges in the State. As the pay could not be fixed by March 2009, Rs 86.07 crore could not be drawn from the treasury leading to their surrender eventually. Thus, the supplementary grant of Rs 86.07 crore proved unnecessary especially in view of the fact that the department could not utilise the entire original provision during the financial year and a saving of Rs 78.44 crore relative to the original provision had occurred.

▶ 2.9 Conclusion

Against total grants and appropriations of Rs 1,33,512.21 crore during 2008-09, Rs 1,16,074.51 crore was spent. This resulted in savings of Rs 17,437.70 crore. The overall saving of Rs 17,437.70 crore was the result of savings of Rs 21,790.88 crore offset by excess of Rs 4,353.18 crore. An excess of Rs 3,399.42 crore over provision during 2008-09 requires regularisation under Article 205 of the constitution. Besides, an excess of Rs 7,121.90 crore over provision relating to period 2005-08 also requires regularisation. Supplementary provision of Rs 2,323.20 crore in 51 cases was unnecessary while, Rs 15,003.81 crore in 41 cases was surrendered on the last two working days of March 2009. Apart from these, there were also cases of expenditure of 50 per cent or more either during the last quarter of the financial year or during the month of March 2009. The detailed bills were also not submitted for large amount of advances drawn on abstract contingent bill and huge amounts were parked in the PLAs.

▶ **2.10 Recommendations**

Budgetary control should be strengthened in all Government departments particularly in four departments where savings occurred persistently during the last five years. Excessive/unnecessary re-appropriation of funds should be avoided and reasons for additional provision/withdrawal of provision in re-appropriation order should be explained therein. Unit-wise control over expenditure should be exercised and the savings anticipated should be surrendered to the Finance department so that the funds could be utilised for development purposes. The re-appropriation of the funds at the close of the financial year should also be minimised.