

CHAPTER- II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and 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.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 31 grants/appropriations is as given in **Table 2.1**:

Table 2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary provisions
(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	7332.60	1292.84	8625.44	7154.22	(-)1471.22
	II Capital	3208.57	126.67	3335.24	3082.02	(-)253.22
	III Loans and Advances	407.12	-	407.12	121.71	(-)285.41
Total Voted		10948.29	1419.51	12367.80	10357.95	(-)2009.85
Charged	IV Revenue	1329.92	48.61	1378.53	1263.82	(-)114.71
	V Capital	-	-	-	-	-
	VI Public Debt- Repayment	570.22	00	570.22	1031.24	(+)461.02
Total Charged		1900.14	48.61	1948.75	2295.06	(+)346.31
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		12848.43	1468.12	14316.55	12653.01	(-)1663.54

The overall saving of Rs.1,663.54 crore was the result of saving of Rs.2,124.56 crore in grants and appropriations under Revenue Section (59 cases), in grants and appropriation under Capital Section(4 cases), offset by excess of Rs.461.02 crore in one grant under Public Debt Repayment.

The savings/excess (Detailed Appropriation Accounts) were intimated (20 to 27 July, 2009) to the Controlling Officers requesting them to explain the significant variations. Departments against which significant savings were noticed during the year were Finance (Rs.544.31 crore), Energy (Rs.424.38crore), Medical, Health and Family Welfare (Rs.199.90 crore), Welfare of Scheduled Castes (Rs.185.30 crore), Education, Sports, Youth and Culture (Rs.174.25crore) and Public works (Rs.122.50 crore). The replies were awaited as of November 2009.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 29 cases, savings exceeded 1 crore in each case and by more than 20 per cent of total provision in 14 cases (**Appendix 2.1**). Against the total savings of Rs.2,010 crore, savings of Rs.1,969 crore (97.96 per cent)¹ occurred in 15 cases relating to 12 grants and one appropriation as indicated in **Table 2.2**.

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

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	Revenue-Voted					
1	06-Revenue & General Administration	263.38	34.99	298.37	230.80	67.57
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1264.42	411.26	1675.68	1281.35	394.33
3	10- Police & Jail	381.48	102.29	483.77	432.66	51.11
4	11-Education, Sports, Youth Welfare & Culture	1740.37	213.88	1954.25	1794.58	159.67
5	12-Medical, Health & Family Welfare	424.60	102.27	526.87	404.81	122.06
6	13-Water Supply, Housing & Urban Development	623.98	80.84	704.82	616.14	88.68
7	15-Welfare	291.05	41.19	332.24	238.71	93.53
8	22-Public Work	304.09	83.05	387.14	335.96	51.18
9	27-Forest	314.96	43.10	358.06	289.28	68.78
10	30-Welfare of Scheduled Castes	308.65	10.24	318.89	231.56	87.33

¹ Exceeding Rs 50 crore in each case.

Capital-Voted						
1	12-Medical, Health & Family Welfare	154.69	00	154.69	76.86	77.83
2	21-Energy	644.68	00	644.68	220.30	424.38
3	22-Public Work	814.38	00	814.38	744.60	69.78
4	24-Transport	117.66	00	117.66	9.77	107.89
Revenue-Charged						
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1306.03	41.80	1347.83	1242.97	104.86
Total		8954.42	1164.91	10119.33	8150.35	1968.98

2.3.2 Persistent Savings

In 19 cases, during the last five years there were persistent savings of more than Rs 10 crore in each case (Table 2.3).

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

(Rupees in crore)

Sl.No.	No and Name of grant	Amount of Saving					Total
		2004-05	2005-06	2006-07	2007-08	2008-09	
Revenue-Voted							
1.	04-Judicial Administration	10.73	5.99	15.59	18.69	16.29	67.29
2.	05-Election	6.56	1.78	1.37	3.82	3.68	17.21
3.	06-Revenue & General Administration	33.74	69.05	90.37	30.52	67.57	291.25
4.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	458.35	307.56	114.41	106.16	394.33	1380.81
5.	12-Medical Health & Family Welfare	59.73	81.31	172.06	86.33	122.06	521.49
6.	13-Water Supply, Housing & Urban Development	80.59	205.55	423.35	68.45	88.69	866.63
7.	15-Welfare	76.43	23.91	23.84	36.41	93.53	254.12
8.	16-Labour & Employment	11.24	6.22	42.48	38.41	35.29	133.64
9.	18-Co-operative	3.20	14.71	7.96	1.39	7.72	34.98
10.	19-Rural Development	43.15	52.16	71.45	49.63	45.13	261.52
11.	22-Public Works	40.61	42.15	68.41	29.78	51.18	232.13
12.	23-Industries	10.31	14.19	43.21	14.96	13.08	95.75
13.	24-Transport	4.79	4.11	21.57	10.10	11.56	52.13
14.	26-Tourism	1.99	3.95	1.20	0.71	2.31	10.16
15.	28-Animal Husbandry	6.83	7.53	19.64	12.18	7.38	53.56
Capital-Voted							
1.	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	29.60	28.93	126.95	24.06	45.12	254.66

2.	11-Education, Sports, Youth Welfare & Culture	11.77	7.02	71.17	16.97	14.57	121.5
3.	15-Welfare	24.93	3.15	16.25	2.15	6.39	52.87
4.	23-Industries	35.71	78.97	122.69	40.58	5.41	283.36

Reasons for persistent savings were awaited (November 2009).

2.3.3 Excess Expenditure

In 02 cases, expenditure aggregating Rs.639.65 crore exceeded the approved provisions by Rs.576.12 crore and more than Rs.1 crore in each case or by more than 20 per cent of the total provision. Details are given in **Appendix 2.2**. Of these, in the following grants/heads (**Table 2.4**), excess expenditure by more than 20 per cent has been observed consistently for the last five years:

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

(Rupees in crore)

Sl.No.	No and Name of grant	Amount of excess expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
Capital-Voted						
1.	17-Agriculture works & Research	2.42	3.15	4.15	14.81	11.72
2.	25-Food	492.97	485.97	404.16	367.77	564.40
Total		495.39	489.12	408.31	382.58	576.12

Reasons for persistent excesses were awaited (November 2009).

2.3.4 Expenditure without Provision

Table 2.5: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Name and Name of Grants/Appropriations	Amount of Expenditure without provision	Reasons/Remarks
29, Horticulture Development	4.32	Reasons were awaited

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of Rs.4.32 crore was incurred in one case as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.3.5 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.3,286.06 crore for the years 2004-08 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 2.6**.

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

(Rupees in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2004-05	14	4,5,6,7,12,13,14,15,17,19,20,22,25&29	952.85	Status not intimated by the State Government
2005-06	7	7,8,17,20,22,25&29	663.50	
2006-07	6	7,17,20,22,25 & 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
Total			3286.06	

2.3.6 Excess over provisions during 2008-09 requiring regularization

Table 2.7 contains the summary of total excess in six grants amounting to Rs.1,157.42 crore over authorization from the Consolidated Fund of State (CFS) during 2008-09 and requires regularization under Article 205 of the Constitution.

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

(Rupees in crore)

Sl. No.	Number and title of Grant/ Appropriation		Total Grant/ Appropriation	Expenditure	Excess
Revenue Voted					
1.	21	Energy	13.50	24.51	11.01
Capital Voted					
2.	17.	Agriculture Works & Research	61.53	73.25	11.72
3.	20.	Irrigation & Flood	583.52	687.47	103.95
4.	25.	Food	2.00	566.40	564.40
5.	29.	Horticulture Development	---	4.32	4.32
Charged Capital					
6.	07.	Finance, Tax, Planning, Secretariat & Miscellaneous Services	569.22	1031.24	462.02
Total			1229.77	2387.19	1157.42

Reasons for the excesses had not been intimated by the State Government/Department as of November 2009.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs.476.63 crore obtained in 26 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 two cases, supplementary provision of Rs.90.17 crore proved insufficient by more than Rs.1 crore in each leaving an aggregate uncovered excess expenditure of Rs.115.67 crore (**Appendix 2.5**).

2.3.8 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 over Rs.561.61 crore in 43 sub-heads. The excess was more than Rs.64.81 crore in 37 sub-heads as detailed in **Appendix 2.6**.

Savings exceeding Rs.25 crore and above occurred in six cases (i) Rs.245 crore under Pensions and Other Retirement benefits (ii) Rs.25 crore of centrally sponsored scheme under Capital Outlay on Public Works due to non-consumption of funds (iii) Rs.53 crore of centrally sponsored scheme under Elementary Education due to saving in Mid Day Meal Programme (iv) Rs.34 crore due for travelling expenses and establishment expenses of Prantiyakaran Basic Education Board under Elementary Education (v) Rs.49 crore of centrally sponsored scheme under New Projects of Irrigation Department and (vi) Rs.34 crore of centrally sponsored scheme under New Schemes of Irrigation Canals.

2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 78 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs.693.67 crore in these 78 schemes, Rs.437.67 crore (63 *per cent*) were surrendered, which included *cent per cent* surrender in 32 schemes (Rs.48.21 crore). The details of selected cases, audited/verified by the Audit are given in **Appendix 2.7**.

2.3.10 Surrender in excess of actual saving

In two cases, the amount surrendered (Rs.50 lakh or more in each case) was in excess of actual savings indicating lack / inadequacy of budgetary controls in these departments. As against savings of Rs.120.89 crore, the amount surrendered was Rs.221.66 crore resulting in excess surrender of Rs.100.77 crore. Details are given in **Appendix 2.8**.

2.3.11 Anticipated savings not surrendered

As per 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. At the close of the year 2008-09, there were, however, 11 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs.303.14 crore (15.08 *per cent* of the total savings) (**Appendix 2.9**).

Similarly, out of total savings of Rs.2010.09 crore under 38 other grants/appropriations (savings of Rs.1 crore and above were indicated in each grant/appropriation) amount aggregated Rs.1452.56 crore (72 *per cent* of total savings) were not surrendered, details of which are given in **Appendix 2.10**. Besides, in 19 cases, (surrender of funds in excess of Rs.10 crore), Rs.932.59 crore were surrendered (**Appendix 2.11**) on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilized for other developmental purposes.

2.3.12 Rush of expenditure

According to Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 108 sub- major heads listed in **Appendix 2.12**, 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 2.8** also presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.8: Cases of Rush of Expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2015-Elections	13.66	9.88	72.32	6.82	49.89
2	2030-Stamps and Registration	21.61	17.75	82.13	15.47	71.58
3	2048-Appropriation and Reduction or Avoidance of Debt	55.00	50.00	90.90	---	----
4	2217-Urban Development	241.12	190.55	79.02	137.48	57.01
5	2235-Social Security and Welfare	251.70	133.33	52.97	90.76	36.05
6	2245-Relief on Account of Natural Calamities	82.06	65.18	79.42	30.86	37.60

Audit Report on State Finances for the year ended 31 March 2009

7	2402-Soil and Water Conservation	4.40	3.84	87.27	2.24	50.90
8	2425-Co-operation	15.84	8.49	53.59	2.31	14.58
9	2501-SpecialProgramms for Rural Development	40.58	24.11	59.41	17.65	43.49
10	2701-Medium Irrigation	9.03	5.17	57.25	4.73	52.38
11	2705-Command Area Development	1.50	1.50	100	1.50	100
12	2801-Power	16.42	16.35	99.57	2.09	12.72
13	2810-Non-conventional Sources of Energy	11.26	6.71	59.80	2.26	20.07
14	3053-Civil Aviation	4.27	2.34	54.80	1.93	45.19
15	3451-Secretariat-Economic Services	14.84	11.96	80.59	11.66	78.57
16	4055-Capital Outlay on Police	35.46	30.07	84.79	25.04	70.61
17	4059-Capital Outlay on Public Works	139.00	74.49	53.58	55.02	39.58
18	4202-Capital Outlay on Sports, Arts & Culture	151.99	96.92	63.76	80.09	52.69
19	4210-Capital Outlay on Medical and Public Health	75.59	52.68	69.69	33.06	43.73
20	4216-Capital Outlay on Housing	21.46	15.82	73.71	14.98	69.80
21	4235-Capital Outlay on Social Security and Welfare	4.16	3.73	89.66	2.68	64.42
22	4401-Capital Outlay on Crop Husbandry	6.12	4.75	77.61	1.05	17.15
23	4405-Capital Outlay on Fisheries	2.22	2.20	99.09	2.11	95.04
24	4406-Capital Outlay on Forestry and Wildlife	17.35	11.43	65.87	7.71	44.43
25	4515-Capital Outlay on Other Rural Development Programs	114.05	71.85	62.99	48.03	42.11
26	4701-Capital Outlay on Medium Irrigation	1.98	1.20	60.60	1.00	50.50
27	4711- Capital Outlay on Flood Control Projects	18.09	14.05	77.66	12.62	69.76
28	4801-Capital Outlay on Power Projects	164.81	107.69	65.34	107.69	65.34
29	5053-Capital Outlay on Civil Aviation	3.70	3.33	90.00	1.50	40.54
30	5055-Capital Outlay on Road Transport	6.07	4.47	73.64	4.16	68.53
31	6801-Loans for Power Projects	56.29	45.17	80.24	45.17	80.24
Total		1601.63	1087.01		769.67	

Scrutiny revealed that Rs.1,087.01 crore i.e.10.32 *per cent* of the total expenditure of Rs.10,532 crore (Rs.10,532 crore excludes recoveries Rs.968.34 crore and Public Debt Rs.1031.24 crore) was incurred in last quarter of the financial year.

There were 31 cases in which above 50 *per cent* expenditure was incurred in the last quarter of the financial year 2008-09. In addition to this in 15 cases, expenditure exceeding 50 *per cent* of the total expenditure was incurred in March 2009.

2.4 Non-reconciliation of Departmental figures

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

As per financial 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 Accountant General. The total amount of DCC bills received during the period June 2009 was only Rs.0.0024 crore against the amount of AC bills of Rs.6.47 crore leading to an outstanding balance of DCC bills of Rs.6.46 crore as on 31 March 2009. Year wise details are given in **Table 2.9**.

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

<i>(Rupees in crore)</i>				
Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
2007-08	0.63	Nil	0	13
2008-09	3.25	Nil	0	09
2009-10 (upto June 2009)	2.59	0.0024	0.0093	30 (upto June 2009)
Total	6.47	0.0024	0.0093	52

Department-wise pending DCC bills for the years up to 2008-09 have been detailed in **Appendix 2.13**.

2.4.2 Un-reconciled 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 Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant

General. Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2008-09 also. 14 Controlling Officers out of 59, did not reconcile expenditure amounting to Rs.3,600 crore during 2008-2009, which constituted 34 per cent of the total expenditure of Rs.10,532 crore as detailed in **Table 2.10:**

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

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Chief Engineer, Public Work Department	993
2.	Chief Engineer, Irrigation Department	698
3.	Principal Secretary, Medical, Health & Family Welfare	41
4.	Principal Secretary, Home	484
5.	Secretary, State Finance Commission	21
6.	Secretary, Personnel	21
7.	Secretary, Rajya Sampati Vibhag	129
8.	Secretary, Women & Child Welfare	246
9.	Secretary, Education(Technical)	41
10.	Secretary, Housing and Urban Development	241
11.	Secretary, Revenue/Natural Calamity	82
12.	Secretary, Sports & Youth Welfare	155
13.	Secretary, Tourism	73
14.	Secretary, Water Supply	375
Total		3600

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established in terms of provisions of Article 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 and its corpus is Rs.85 crore.

Table 2.11: Expenditure met from contingency fund

(Rupees in crore)

Sl.No	Major Head of Account	Total Grant/ Appropriation	Actual Expenditure	Amount drawn from Contingency fund	Date of sanction of Advance	Purpose for which advance taken
1.	6003- Internal Debt of the State Government	55.00	54.99	22.25	23.03.2009	Repayment to NABARD

2.	2220- Information & Publicity	7.23	7.14	5.00	31.03.2009	Advertising and visual Publicity
3.	2225- Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	91.56	66.81	4.77	24.02.2009	Providing of Housing facilities to SC/ST and Other Backward Classes
Total		153.79	128.94	32..02		

The expenditure to the tune of Rs.32.02 crore was met from the advances from Contingency Fund during the year and had not been recouped to the fund at the end of the year. The expenditure purely seemed unjustified as the Government could not foresee even its debt repayments, which are obligatory on the part of the Government and the expenditure on advertising and providing housing facilities to Scheduled Castes cannot be termed as of emergent nature requiring drawal from Contingency fund. Moreover, there was a saving of over Rs.25 crore under the three major heads even then the Government obtained advances from the Contingency Fund for meeting these expenditures.

2.6 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. No PD Account was opened by the Uttarakhand Government in 2008-09.

2.7 Errors in Budgeting Process

Lapses or errors observed in the process of budgeting by the State Government for the financial year 2008-09 were as under:

- No remedial measures were taken by the Finance department while preparing the budget documents for 2008-09, as in 23 cases savings were recorded during 2007-08 but the allocations under these cases for 2008-09 were enhanced on conventional practice, which should have otherwise been done away with.
- In the Major Head 215, Expenditure on Photo Identification Card has been shown under 01-0101- Minor Head-103 while as per List of Major Head Minor Head, it should be shown under Minor Head-108.
- Bifurcation of Central- share and State -share under Centrally Sponsored Schemes have not been shown under various Major Heads i.e. 2014-800-01 and 4059-60-051-01.

- Minor Head 900-Recoveries has been shown below Sector-A Tax-Revenue, while as the list of Major and Minor Head of Accounts provides that the Minor Head-900 recoveries shall be shown below every Major Head coming under the Sector-A Tax-Revenue.
- Minor Head 800-Others has not been shown below the sub-major head-05 – calamity relief under the major head 2245-Relief on Account of Natural Calamities as is provided in the list of major and minor head.

2.8 Outcome of Review of Selected Grants

Grant number 07- Finance, Tax, Planning, Secretariat and Miscellaneous Services was selected for review which revealed:

Rush of Expenditure

General Financial rules provide that the expenditure shall be uniformly be incurred during the year taking month wise/quarter wise flow into consideration. In the case of Grant Number 07, the quarter wise flow of expenditure was not maintained during 2008-09 as per prescribed norms as is tabulated below:

Table No. 2.12

(Rupees in crore)

Sl.No.	Major Head	Expenditure in last Quarter	Expenditure in March	Total Expenditure	Percentage of expenditure in last quarter	Percentage of expenditure in March
1.	2030	17.75	15.47	21.61	82	72
2.	2045	0.69	0.42	1.66	42	21
3.	2052	17.20	15.74	44.76	38	12
4.	2054	10.15	7.16	28.00	36	24
5	2059	87.81	63.42	201.51	44	31
6.	2071	248.57	123.05	828.25	30	15
7.	3451	11.96	11.66	14.84	81	79
8.	3454	2.97	2.23	7.16	42	31
9.	3604	76.21	58.74	274.77	28	21

The rush of expenditure in nine major heads under this grant in the last quarter of 2008-09 was 50 *per cent* of the total expenditure of these respective major heads. This indicates lack of planning and also prudence in allocation of funds.

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure. The departments should ensure that the funds are expended

uniformly as prescribed throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

Unnecessary Supplementary Grant

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid review of the Grants/Appropriations during a particular financial year. However, it was noticed that supplementary Grants were obtained under Grant Number 07, without any proper planning as is tabulated below:

Table No. 2.13

(Rupees in crore)

Sl. No.	Major Head	Total Budget Provision				Actual Expenditure	Saving
		Original	Supplementary	Re-appropriation	Total		
Revenue Voted							
1.	2040	62.72	0.75	-10.50	52.97	36.58	16.39
2.	2047	3.23	0.55	-	3.78	2.66	1.12
3.	2052	44.94	3.68	1.99	50.61	44.30	6.31
4.	2071	700.01	406.00	-10.00	1096.01	828.25	267.76
5.	3454	7.69	0.04	-0.58	7.15	7.16	-
	Total	818.59	411.02	-19.09	1210.52	918.95	291.58

Supplementary grants amounting to Rs.411.02 crore were obtained for five major heads under Grant Number 07, proved unnecessary as 71 per cent of these funds remained unutilised during the year. This indicates the Government's failure of proper budget planning. The Government should therefore, put a proper mechanism in place to ensure better management of fund utilisation.

Unutilised entire provision

Annual Financial Statement of the State provides for provisions for different schemes and programmes in order to carry out various developmental programmes/schemes. In Grant number 07, it was noticed that entire budget provision remained unutilised at the end of financial year 2008-09 as is tabulated below:

Table No. 2.14

(Rupees in crore)

Sl No.	Major Head	Budget Provision	Saving
1.	2052	0.06	0.06
2.	2059	2.00	2.00
3.	2071	3.30	3.30
4.	3451	1.00	1.00
5.	3604	36.02	36.02
6.	2049	0.18	0.18
7.	4059	2.00	2.00
8.	7615	0.50	0.50
9.	6003	0.60	0.60
10.	6004	5.00	5.00
	Total	50.66	50.66

Entire Budget allocation of Rs.50 crore under various major heads of Grant Number 07 remained unutilised during 2008-09. This indicates improper budget planning of the State Government. This needs to be looked into to ensure optimum fund utilisation.

2.9 Conclusion and Recommendations

Slow pace of programme implementation in the State left an overall saving of Rs.2,124 crore offset by excess of Rs.461 crore; this requires regularisation under Article 205 of the Constitution of India (**para 2.3.5**). ‘Water Supply, Housing and Urban development and ‘Medical health and Family Welfare’ sectors posted large savings persistently for the last five years (**para 2.3.2**). There were also instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last two days of the year leaving no scope for utilizing these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on abstract contingent bills. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided. The Government should sanction advances from the contingency fund only for meeting expenditure of an unforeseen and emergent character.