

Chapter 2 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 Acts 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 the Finance Accounts.

2.1.2 This chapter outlines the Gujarat Government's financial accountability and budgetary practices through audit of Appropriations Accounts. 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 the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure 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 2009-10 against 106 grants/appropriations was as given in **Table 2.1**:

Table 2.1: Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions

		(₹ in crore)				
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	37,745.19	43,44.61	42,089.80	40,360.62	(-)1,729.18
	II Capital	8,102.60	454.27	8,556.87	8,109.30	(-)447.57
	III Loans and Advances	459.52	5.24	464.76	427.60	(-)37.16
Total Voted		46,307.31	48,04.12	51,111.43	48,897.52	(-)2,213.91
Charged	IV Revenue	8,575.36	107.42	8,682.78	8,676.75	(-)6.03
	V Capital	0.72	5.77	6.49	6.45	(-)0.04
	VI Public Debt-Repayment	3,246.68	0.00	3,246.68	3,245.08	(-)1.60
Total Charged		11,822.76	113.19	11,935.95	11,928.28	(-)7.67
Grand Total		58,130.07	4917.31	63,047.38	60,825.80	(-)2,221.58

(Source : Appropriation Accounts of the State Government)

The overall savings of ₹2,221.58 crore was the result of savings of ₹3,232.44 crore in 55 grants and 18 appropriations under the Revenue Section, 30 grants and four appropriations under the Capital Section and 33 appropriations (Public Debt-Repayments) under the Loan Section, offset by excess of ₹1,010.86 crore in 36 grants and five appropriations under the Revenue Section and two grants and two appropriations under the Capital Section.

The savings/excesses were intimated (July 2010) to the Controlling Officers, requesting them to explain the reasons for significant variations but no explanations were received (September 2010) from them.

➤ 2.3 Financial Accountability and Budget Management

2.3.1 Appropriation *vis-à-vis* Allocative Priorities

The outcome of appropriation audit revealed that in 56 cases, savings exceeded ₹10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of ₹3,033.13 crore, savings of ₹2,928.65 crore (96.55 *per cent*) occurred in 16 cases relating to 16 grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with Savings of ₹ 25 crore and above

(₹ in crore)

Sr. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue- Voted						
1	2.Agriculture	1,049.26	163.23	1,212.49	1,141.68	70.81
2	13.Energy Projects	2,848.34	64.16	2,912.50	2,885.98	26.52
3	19.Other Expenditure pertaining to Finance department	2,093.81	-	2,093.81	602.32	1,491.49
4	22.Civil Supplies	235.58	-	235.58	187.24	48.34
5	40.Family Welfare	228.88	156.17	385.05	317.87	67.18
6	42.Home Department	47.50	0.37	47.87	16.37	31.50
7	70.Community Development	711.61	11.86	723.47	544.18	179.29
8	71.Rural Housing and Rural Development	547.09	226.53	773.62	744.14	29.48
9	74.Transport	453.27	151.31	604.58	560.52	44.06
10	79.Relief On Account of Natural Calamities	659.44	-	659.44	387.38	272.06
11	95.Scheduled Castes Sub-Plan	1,340.23	5.24	1,345.47	1,197.37	148.10
12	98.Youth Services and Cultural Activities	134.33	-	134.33	96.80	37.53
13	106.Other Expenditure Pertaining to Women and Child Development Department	569.38	40.74	610.12	493.11	117.01

Sr. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Capital- Voted						
1	84.Non-Residential Buildings	545.48	-	545.48	296.15	249.33
2	96.Tribal Area Sub-Plan	1,309.43	-	1,309.43	1,223.48	85.95
3	102.Urban Development	30.00	-	30.00	-	30.00
Total		12,803.63	819.61	13,623.24	10,694.59	2,928.65

(Source : Appropriation Accounts of the State Government)

Reasons for excessive savings are detailed below:

- Grant No. 2. - Out of the total savings of ₹70.81crore, savings of ₹60.22 crore under Supplementation/Complements to State's efforts through work plan (90 per cent CSS) (₹52.67 crore) and Integrated Development of Vegetable Crops (85 per cent CSS) (₹7.55 crore) were due to less receipt of matching share from Government of India.
- Grant No. 19- Out of the total savings of ₹1,491.49 crore, savings of ₹60 crore were due to availability of sufficient balance in the Guarantee Redemption Fund to meet the contingent liabilities, if any, during the year and shifting of provision on account of increase in the rate of dearness allowance (₹3.50 crore) and payment of arrears on account of implementation of the Sixth Pay Commission report (₹1,150 crore) to the respective departments in the revised estimates.
- Grant No.22- Out of the total savings of ₹48.34 crore, savings of ₹10.50 crore were due to less purchase of edible oil because of stable prices in open market. Further savings of ₹31 crore were mainly due to allotment of coarse grain instead of wheat to BPL cardholders and comparatively lower rate of subsidy on coarse grain.
- Grant No.40-Out of the total savings of ₹67.18 crore, savings of ₹60 crore were due to non-receipt of approval for the Urban Health Project from the Government of India.
- Grant No.42- The savings of ₹33.46 crore were due to non-floating of tenders to procure hardware/software for an IT project by Gujarat Informatics Limited.
- Grant No. 70- Out of the total savings of ₹179.29 crore, savings under Infrastructure Development and Employment Opportunities Plan schemes were due mainly to transfer of ₹114.48 crore and ₹48.75 crore respectively to the Sardar Patel Awas Yojana for golden goal for Swarnim Jayanti.
- Grant No.74-Out of the total savings of ₹44.06 crore, savings of ₹40.64 crore were due to non-receipt of administrative approval for up-gradation of check posts, creation of new transport offices and road safety measures.
- Grant No.79-Savings of ₹272.06 crore were due to non-occurrence of any natural calamity during the year.

9. Grant No.84-Out of the total savings of ₹249.33 crore, savings of ₹116.17 crore were due mainly to slow progress of work, non-receipt of administrative approval, decision to carry out some works under the public private partnership mode, etc.
10. Grant No.95-Out of the total savings of ₹148.10 crore, savings of ₹43.43 crore were due mainly to lesser number of beneficiaries of free text books (₹16.42 crore), non-filling of vacant posts(₹9.67 crore), non-receipt of administrative approval(₹14.49 crore), etc.
11. Grant No.96- Out of the total savings of ₹85.95 crore , savings of ₹43.43 crore were due mainly to non-receipt of administrative approval, delay in commencement of work, transfer of some works under public private partnership mode, slow progress of work, etc.,
12. Grant No.102-Savings of ₹30 crore were due mainly to non-finalization of the mode of implementing a project.

2.3.2 Persistent Savings

In three cases during the last five years, there were persistent savings of more than ₹ 10 crore in each case. The details are given in (Table 2.3) below.

Table 2.3: List of grants indicating persistent savings during 2005-10

(₹ in crore)

Sr. No.	No. and Name of the grant	Amount of savings				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue- Voted						
1	19- Other Expenditure pertaining to Finance Department	365.01	292.60	629.71	1,988.87	1,491.49
2	49-Industries	65.66	-	75.51	83.89	13.77
Capital- Voted						
1	84-Non-Residential Buildings	18.33	-	136.19	252.61	249.33

(Source : Appropriation Accounts of the State Government)

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

2.3.3 Excess Expenditure

In 10 cases, expenditure exceeded the approved provisions by ₹10 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.2**. Of these, excess expenditure of more than 20 per cent was observed in the following grant consistently for the last five years as detailed in Table 2.4.

Table 2.4: List of grants indicating persistent excess expenditure during 2005-06 to 2009-10.

(₹ in crore)

Sr. No.	No. and Name of the grant	Amount of Excess Expenditure				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue-Voted						
Voted						
1	73- Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development –	31.26 (25.12)	33.06 (26.89)	71.96 (56.25)	78.33 (51.72)	211.16 (56.97)

Figures in parentheses represent percentage.

(Source : Appropriation Accounts of the State Government)

The excess expenditure during 2009-10 was under the head Superannuation and Retirement Allowances to Panchayat employees due mainly to the implementation of the Sixth Pay Commission's Report and increase in the number of pensioners.

2.3.4 Expenditure without Provision

As per Para 125(5) of the Gujarat Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹4.98 crore was incurred in one case as given in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Despite expenditure of ₹3.32 crore being incurred during 2008-09 under the same grant/head as shown above without provision of funds, the department continued to incur irregular expenditure without provision in 2009-10.

Table 2.5: Expenditure incurred without provision during 2009-10

(₹ in crore)

Number and Name of Grant	Amount of Expenditure without provision
86- Roads and Bridges :3054 (80)(001)(05) Expenditure transferred on Pro rata basis from Major Head 2059 (Plan)	4.98

(Source : Appropriation Accounts of the State Government)

Reasons for incurring expenditure without provision of funds were called for from the Government, but no reply was received. (September 2010).

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. However, excess expenditure amounting to

₹14,525.28 crore for the years 1993-94 to 2008-09 was yet to be regularized as detailed in **Appendix 2.3**.

Non-regularization of the excess over grant/appropriation over the years is breach of legislative control over grants/appropriations.

2.3.6 Excess over provisions during 2009-10 requiring regularization

Table 2.6 contains the summary of total excess over provision of funds in 44 grants amounting to ₹1,010.86 crore during 2009-10 requiring regularization under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularization during 2009-10

(₹in crore)

Sr. No	Number and Title of Voted Grants	Total grant	Expenditure	Excess
1	1 Agriculture and Co-operation Department-Revenue	16.72	17.24	0.52
2	3 Minor Irrigation, Soil Conservation and Development –Revenue Area	200.92	201.45	0.53
3	5 Co-operation- Revenue	124.82	132.45	7.63
4	9 Education –Revenue	8,241.71	8,552.55	310.84
5	10 Other Expenditure pertaining to Education Department –Revenue	1.71	1.77	0.06
6	12 Tax Collection Charges(Energy and Petrochemicals Department)-Revenue	9.80	10.48	0.68
7	17 Treasury and Accounts Administration - Revenue	72.13	74.13	2.00
8	18 Pensions and Other Retirement Benefits – Revenue	3,248.33	3,376.48	128.15
9	20 Repayment of debt pertaining to Finance Department and its Servicing- Revenue <i>charged</i>	8,140.15	8,142.86	2.71
10	21 Food, Civil Supplies and Consumer Affairs Department – Revenue	20.90	21.75	0.85
11	23 Food –Revenue	78.38	79.77	1.39
12	26 Forests-Revenue	212.18	214.06	1.88
13	32 Public Service Commission-Revenue	4.76	4.77	0.01
14	39 Medical and Public Health – Revenue	1,317.69	1,441.77	124.08
15	41 Other Expenditure pertaining to Health and Family Welfare Department –Revenue	0.28	0.34	0.06
16	43 Police-Revenue	1,544.51	1,612.70	68.19
17	43 Police-Revenue <i>charged</i>	0.04	0.06	0.02
18	45 State Excise –Revenue	9.18	9.26	0.08
19	46 Other Expenditure pertaining to Home Department -Revenue	47.62	50.43	2.81
20	48 Stationery and Printing-Revenue	48.10	49.88	1.78
21	55 Other Expenditure pertaining to Information and Broadcasting Department-Revenue	7.62	7.68	0.06
22	57 Labour and Employment	214.36	235.19	20.83

Sr. No	Number and Title of Voted Grants		Total grant	Expenditure	Excess
		Department –Revenue			
23	61	Other Expenditure pertaining to Legal Department- Revenue	60.80	64.85	4.05
24	62	Legislative and Parliamentary Affairs Department -Revenue	3.29	3.70	0.41
25	64	Narmada, Water Resources, Water Supply and Kalpsar Department-Revenue	9.30	11.41	2.11
26	65	Narmada Development Scheme – Capital	1,950.00	1,950.06	0.06
27	66	Irrigation and soil Conservation – Revenue	702.65	785.27	82.62
28	68	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department-Revenue <i>charged</i>	14.51	14.65	0.14
29	69	Panchayats, Rural Housing and Rural Development Department- Revenue	5.47	5.77	0.30
30	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department- Revenue	159.50	370.66	211.16
31	75	Other Expenditure pertaining to Ports and Transport Department – Revenue	52.79	52.89	0.10
32	80	Dangs District-Revenue	26.98	27.14	0.16
33	81	Compensation and assignments- Capital <i>charged</i>	0.02	0.05	0.03
34	84	Non-Residential Buildings – Revenue	460.51	463.15	2.64
35	84	Non-Residential Buildings – Revenue <i>charged</i>	0.35	0.39	0.04
36	86	Roads and Bridges –Revenue	1,772.43	1,796.00	23.57
37	86	Roads and Bridges –Capital <i>charged</i>	0.96	0.98	0.02
38	87	Gujarat Capital Construction Scheme –Revenue	9.96	12.47	2.51
39	88	Other Expenditure pertaining to Roads and Buildings Department- Revenue	12.19	13.82	1.63
40	93	Welfare of Scheduled Tribes – Capital	5.20	5.78	0.58
41	96	Tribal Area Sub –Plan-Revenue	2,692.34	2,695.86	3.52
42	97	Sports, Youth and Cultural Activities Department-Revenue	4.61	4.63	0.02
43	101	Urban Housing-Revenue	0.08	0.09	0.01
44	102	Urban Development-Revenue	4,539.35	4539.37	0.02
		Total	36,042.83	37,053.63	1,010.86

(Source : Appropriation Accounts of the State Government)

The reasons for excess over provision called for from the State Government were awaited (September 2010).

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹72.62 crore obtained in 13 cases of ₹50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the levels of the original provision as detailed in **Appendix 2.4**. In 21 cases, supplementary provisions of ₹3,320.15 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹1,006.10 crore (**Appendix 2.5**).

Important cases where supplementary provisions proved unnecessary are discussed below:-

Under Grant No. 8, a supplementary provision of ₹0.89 crore was obtained, but ₹4.40 crore was surrendered due to less number of training programmes conducted during the year. The supplementary provision could have been restricted to a token amount. Under Grant No. 11, a supplementary provision of ₹1.11 crore was obtained for payment of retirement benefits to the officers of Revenue cadre, but ₹0.38 crore was surrendered mainly due to making of the payments to the officers by the concerned Boards/Corporation. Similarly, under Grant No. 59, ₹1.11 crore was surrendered due to non-filling up of vacant posts. The supplementary provision of ₹0.83 crore obtained in March 2010 could have been restricted to a token amount.

The supplementary provision of ₹1.71 crore obtained under Grant No. 76 could have been restricted to a token amount as under Information Technology, ₹4.20 crore was surrendered due to non-receipt of administrative approval for purchase of hardware items. Under Grant No. 95, ₹17.85 crore was surrendered from subsidy to Gujarat Electricity Board for electrification of basties due to non-availability of Scheduled Caste beneficiaries. The supplementary demand of ₹5.24 crore obtained in March 2010 could have been restricted to a token amount.

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. Re-appropriation of funds proved injudicious in view of final excesses and savings over the grants. Cases where excesses/savings totalling ₹868.95 crore in 97 sub-heads were noticed are detailed in **Appendix 2.6**.

2.3.9 Substantial surrenders

Substantial surrenders (where more than 50 *per cent* of the total provision was surrendered) were made in respect of 152 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹2,796.68 crore in these sub-heads, ₹2,494.86 crore (89 *per cent*) was surrendered, which included cent *per cent* surrender in 43 cases (₹1,472.08 crore). The details of selected cases verified by Audit are given in **Appendix 2.7**. Some important cases are discussed in **Table 2.7**.

Table 2.7 : Details of cases of substantial surrenders

(₹ in lakh)

Sr. No.	Grant No.	Name of the Scheme (Head of Account)	Provision	Amount Surrendered (₹ in lakh)	Reasons
1	9	2203.112.1.TED 5 Development of Government Engineering Colleges	6,169.54	2,519.55	Vacant posts and less purchase of equipments.
2	13	2801.80.28.Assistance to GEDA for Gobar Gas Plant under Climate Change	1,935.00	1,935.00	Non-finalization of the technology for implementing the project.
3	19	2075.00.800.01.Liability on account of increase in the rates of Dearness Allowance	35,000.00	34,058.85	Initially the provision was made to indicate the liability as a whole and in the revised estimates; provisions were made under the respective departments.
4	19	2075.00.800.02. Liability on account of payment arising from implementation of recommendations of New Pay Commission.	1,15,000.00	1,15,000.00	Initially the provision was made to indicate the liability as a whole and in the revised estimates; provisions were made under the respective departments.
5	40	2211.00.102.03.Urban Health project	6,000.00	6,000.00	Non-approval of Urban Health Project by Government of India.
6	42	2052.00.800.1.Information Technology	4,000.00	3,346.48	Tenders were not floated for the purchase of hardware ,software, etc.
7	51	5452.190.02.TRS 3 Capital Contribution to Tourism Corporation of Gujarat Ltd.	2,500.00	2,100.00	Reduction in annual plan for tourism sector.
8	74	2041.00.102.01Inspection of Motor Vehicles	5,157.90	4,064.40	Administrative reasons .
9	79	2245.01.102.01.Water Supply Arrangements	2,000.00	2,000.00	There was no drought during the year.
10	79	2245.02.122. 02.Irrigation and Flood Control Works	4,000.00	4,000.00	There was heavy rain only in some part of the state.
11	79	2245.02.282.01Cleaning of mud and debris	8,000.00	7,414.28	There was heavy rain only in some part of the state.
12	79	2245.02.800.02.Repairs/Restoration to other public properties	7,500.00	7,500.00	There was heavy rain only in some part of the state.
13	84	4202.01.203.42.Buildings	3,358.00	2,270.88	Late receipt of administrative approval
14	84	4202.02.104.42.Buildings	4,278.50	3,154.27	Administrative reasons and problems associated with land acquisition.

Sr. No.	Grant No.	Name of the Scheme (Head of Account)	Provision	Amount Surrendered (₹in lakh)	Reasons
15	84	4202.02.105.42Buildings	12,058.80	8,119.61	Administrative reasons and problems associated with land acquisition.
16	84	4059.051.3. Administration of Justice -Buildings (50per cent C.S.S.)	2,726.09	2,469.88	Administrative reasons
17	96	4059.60.796.102. Construction	4,225.68	2,622.13	Land for some works could not be finalised; administrative approval for some works not received, etc.
18	98	2205.800.09.Celebration of golden jubilee year of formation of Gujarat	5,000.00	2,595.00	Shortage of skilled staff to execute specialised job of conservation and restoration of protected monuments.
19	102	6217.60.800.03.UDP 9 Loans to Local Bodies from World Bank	3,000.00	3,000.00	Less programmes held during the year.
Total			2,31,909.51	2,14,170.33	

2.3.10 Surrenders in excess of actual saving

In 24 cases, the amounts surrendered (₹50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹185.18 crore, the amount surrendered was ₹438.38 crore, resulting in excess surrender of ₹253.20 crore. Details are given in **Appendix 2.8**.

In Grant No.9, ₹9.28 crore were surrendered from Information Technology due to less demand and ₹43.59 crore(Gujarat Technological University: ₹5.63 crore; Development of Government Polytechnics and Girls Polytechnics: ₹12.76 crore and Development of Government Engineering Colleges: ₹25.20 crore) due to non-filling up of vacant posts. The year, however, ended with an excess of ₹1.25 crore under Government Secondary Schools, ₹1.95 crore under Government Higher Secondary Schools and ₹288.64crore under Provision of Educational Facilities- Maintenance Grant. The excess expenditure could have been avoided by restricting the amount surrendered in March 2010.

2.3.11 Anticipated savings not surrendered

As per Para 103 of the Gujarat Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by administrative departments after the 15th of March are not to be accepted, except in the case of Supplementary grants obtained after 15th March. At the close of the year 2009-10, there were, however, 17grants/appropriations under which savings had occurred but no part of the same had been surrendered by

the concerned departments. The total amount involved in these cases was ₹7.26 crore (Appendix 2.9).

Similarly, out of the total savings of ₹801.87 crore under 11 grants/appropriations (savings of rupees one crore and above were indicated in each grant/appropriation), grants aggregating ₹102.21 crore were not surrendered, details of which are given in Appendix 2.10.

2.3.12 Rush of expenditure

According to para 109 of the Gujarat Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, more than 50 per cent of the total expenditure for the year was incurred in March 2010 or during the last quarter, in respect of Major Heads listed in Appendix 2.11. Table 2.8 represents 25 Major Heads where expenditure exceeded ₹10 crore and 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 2009-10
(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2010		Expenditure during March 2010	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2205	67.95	44.06	64.84	23.82	35.06
2	2211	339.25	183.04	53.95	106.35	31.35
3	2216	784.20	453.92	57.88	264.92	33.78
4	2236	924.62	463.06	50.08	370.50	40.07
5	2403	196.43	115.80	58.96	71.47	36.38
6	2404	22.08	14.83	67.14	7.10	32.16
7	2405	75.47	39.48	52.31	33.89	44.91
8	2408	87.36	70.75	80.99	55.35	63.36
9	2515	920.72	515.93	56.04	318.16	34.56
10	2702	399.02	212.81	53.33	98.17	24.60
11	2711	44.53	31.64	71.06	27.62	62.03
12	2852	386.78	290.80	75.19	257.74	66.64
13	2853	52.37	26.64	50.88	15.11	28.86
14	3051	51.08	26.85	52.57	13.51	26.45
15	4055	17.60	14.26	81.02	12.70	72.16
16	4216	157.78	83.87	53.16	61.52	38.99
17	4217	90.02	47.35	52.60	26.79	29.76
18	4225	56.57	31.02	54.83	18.45	32.61
19	4702	728.52	374.22	51.37	278.07	38.17
20	4856	28.42	28.42	100.00	28.42	100.00
21	5054	1304.89	681.11	52.20	352.35	27.00
22	6004	563.81	502.50	89.12	482.51	85.58
23	6801	69.75	51.95	74.48	51.95	74.48
24	6885	20.00	15.06	75.30	0.00	0.00
25	7055	235.70	235.70	100.00	22.20	9.42
Total		7,624.92	4,555.07	59.74	2,998.67	39.33

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure during the last quarter of the financial year.

➤ 2.4 Audit of Abstract and Detailed Contingent Bills

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

As per Rule 302 of the Gujarat Financial Rules, 1971, read with the Government Resolution dated 5 February 1976, 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.

Between 2004 and 2010, 12,115 AC bills amounting to ₹337.46 crore, were drawn by 20 departments for which DC bills were not furnished (September 2010). Year-wise details are given in **Table 2.9**.

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

(₹ in crore)		
Year	Amount of AC bills	Outstanding AC bills
2004-05	62.39	3,979
2005-06	15.18	757
2006-07	15.03	912
2007-08	20.30	949
2008-09	25.96	1178
2009-10	198.60	4340
Total	337.46	12,115

Department-wise details of pending DC bills for the years up to 2009-10 are given in **Appendix 2.12**.

➤ 2.5 Advances from Contingency Fund

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹200 crore. During the year, ₹47.12 crore was spent out of the Contingency Fund which was not recouped during the year.

➤ 2.6 Personal Deposit Accounts

Personal Deposit (PD) accounts are created for parking of funds and are required to be closed at the end of each financial year. There were 47 PD accounts in District Treasuries in operation. These PD accounts were not closed as of March 2010 and the balance of ₹61.22 crore in these accounts was not transferred back to the respective service heads. Of these accounts, 13 accounts involving ₹13.51 crore were found to be inoperative.

➤ **2.7 Review of Budget Control Mechanism**

The authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities to keep the estimates as close and accurate as possible and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required, etc are provided in the Gujarat Budget Manual.

With a view to ascertaining how far the authorities were adhering to these instructions, records of the administrative department /controlling officers (CO)/Drawing and Disbursing Officers (DDO) relating to two Grants were test-checked in audit and the results thereof are given below:

1. Grant No. 84-Non-Residential Buildings (Roads and Buildings Department)

i) In respect of three works each under Superintending Engineer, R&B circle I and II Ahmedabad, ₹48.70 crore was provided in the budget against the estimated requirement of ₹34.18 crore. At the end of the year, ₹25.01 crore was surrendered.

ii) In respect of the Construction of Sports Complex at Gandhinagar, a provision of ₹2.61crore was made in the budget though no proposals were received from the Controlling Officer, resulting in surrendering of the entire amount.

iii) In respect of construction of buildings for Engineering Colleges at Mehsana and Palanpur, the CO enhanced the DDOs' proposals (₹six crore) by ₹four crore. However, out of ₹9.03 crore provided in the budget, ₹8.46 crore was surrendered at the end of the year.

iv) As per para 80 of the Gujarat Budget Manual Vol.-I, all proposals in respect of a scheme, works, etc. constituting new services are required to be administratively cleared in consultation with the Finance Department before forwarding the proposals for inclusion in the budget. Further, as per para 44 of the Manual *ibid*, where land acquisition proceedings may delay the actual execution, provision should be restricted to the amount actually required and not on a whole year's basis. In respect of three works (two works under Superintending Engineer, Capital Project Circle, Gandhinagar; one work under Superintending Engineer, R&B City Circle Ahmedabad), the above requirements were not followed with the result that out of ₹7.27 crore provided in the budget, ₹7.26crore were surrendered.

2) Grant No.95- Scheduled Castes Sub-Plan (Social Justice and Empowerment Department)

i) Rupees 15 crore was provided in the budget under the scheme of providing financial assistance to individual artisans through nationalized banks (Major Head 2851.00.800.01.IND33). Rupees 9.50 crore was surrendered mainly due to non-submission of necessary proposals. However, it is seen from the

statement of surrender of grant by the Under Secretary, Industries & Mines Department Gandhinagar that the amount was surrendered on the ground that there were no proposals from that department to implement the scheme.

ii) Scrutiny of records of the Director of Agriculture revealed that out of ₹44.67 crore provided in the budget ₹20 crore was surrendered from Major Head 2401-Crop Husbandry 103 Seed, 01-AGR 16 Scheduled Castes Sub-Plan for distribution of seeds and fertilizer input kits at subsidized rates to Scheduled Castes cultivators. As per Finance Department guidelines, it is mandatory to have the list of individual beneficiaries for the payment of the claims. However, as per the Crop Insurance Scheme, the taluka is considered as the unit area. Therefore, SC beneficiaries were not identified and the amount was surrendered.

➤ **2.8 Conclusion and Recommendations**

Conclusion

During 2009-10, expenditure of ₹60,825.80 crore was incurred against total grants and appropriations of ₹63,047.38 crore resulting in savings of ₹2,221.58 crore. The overall savings of ₹2,221.58 crore was the result of savings of ₹ 3,232.44 crore, offset by excess of ₹1,010.86 crore. This excess requires regularization under Article 205 of the Constitution of India. In 24 cases, the amounts surrendered (₹50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹185.18 crore, the amount surrendered was ₹438.38 crore, resulting in excess surrender of ₹253.20 crore. There were 17 grants/appropriations under which savings had occurred but the same had not been surrendered by the concerned departments. The total amount involved in these cases was ₹7.26 crore. Similarly, out of total savings of ₹801.87 crore under 11 grants/appropriations (savings of rupees one crore and above were indicated in each grant/appropriation), grants aggregating ₹102.21 crore were not surrendered.

Recommendations

Budgetary controls should be strengthened in all the Government departments, especially in those departments where savings/excesses have been observed for the last five years regularly. Last minute fund releases and issuance of re-appropriation/surrender orders at the end of the year should be avoided.