

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 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 reappropriations distinctly and indicate actual revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts 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 summarised position of actual expenditure during 2009-2010 against 26 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised 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	23,073.07	1,324.48	24,397.55	22,577.47	(-) 1,820.08
	II Capital	7,217.27	956.33	8,173.60	7,656.98	(-) 516.62
	III Loans and Advances	1,483.27	-	1,483.27	829.69	(-) 653.58
Total Voted		31,773.61	2,280.81	34,054.42	31,064.14	(-)2,990.28
Charged	IV Revenue	3,120.16	1.42	3,121.58	2,857.80	(-) 263.78
	V Capital	45.00	0.80	45.80	25.12	(-) 20.68
	VI Public Debt-Repayment	3,685.70	1,092.66	4,778.36	2,745.97	(-) 2,032.39
Total Charged		6,850.86	1,094.88	7,945.74	5,628.89	(-)2,316.85
Appropriation to Contingency Fund (if any)		NIL	NIL	NIL	NIL	NIL
Grand Total		38,624.47	3,375.69	42,000.16	36,693.03	(-) 5,307.13

* As the amount was ₹ 1,000, the figure was not depicted.

Note: The expenditure shown above includes gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 177.88 crore) and Capital Heads (₹ 2,463.62 crore).

Financial Management and Budgetary Control

Supplementary provisions of ₹ 3,375.69 crore obtained during the year constituted nine *per cent* of the original provision as against 12 *per cent* in the previous year.

The overall savings of ₹ 5,307.13 crore were the result of savings of ₹ 5,746.42 crore in 23 grants under the Revenue Section, 10 grants under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 439.29 crore in three grants under the Revenue Section and one grant under the Capital Section. The excess of ₹ 439.29 crore requires regularisation under Article 205 of the Constitution.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2010) to the Controlling Officers, requesting them to explain the significant variations but their explanations were not received (September 2010). Finance, Buildings and Roads, Food and Supplies, Irrigation, Education, Social Welfare and Rehabilitation and Urban Development were the departments having substantial savings/excess expenditure.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of appropriation audit revealed that savings in 25 cases exceeded ₹ 10 crore in each case or were more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of ₹ 5,698.09 crore, savings of ₹ 5,460.01 crore (96 *per cent*) occurred in 14¹ cases relating to 11 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of grants with savings of ₹ 50 crore and above

(₹ in crore)

Sr. No.	Number and name of the grant	Original	Supplementary	Total	Actual expenditure	Savings
Revenue-Voted						
1.	4-Revenue	445.42	101.67	547.09	367.78	179.31
2.	8-Buildings and Roads	869.77	50.00	919.77	808.25	111.52
3.	9-Education	5,350.51	142.13	5,492.64	5,206.55	286.09
4.	11-Urban Development	911.89	-	911.89	334.02	577.87
5.	13-Social Welfare and Rehabilitation	1,376.63	815.48	2,192.11	2,109.82	82.29
6.	14-Food and Supplies	243.42	-	243.42	86.99	156.43
7.	15-Irrigation	3,810.70	114.58	3,925.28	3,558.53	366.75
8.	21-Community Development	1,002.71	-	1,002.71	932.58	70.13
9.	23-Transport	1,067.96	-	1,067.96	970.26	97.70
Revenue-Charged						
10.	6-Finance	3,075.57	-	3,075.57	2,809.01	266.56
Capital-Voted						
11.	8-Buildings and Roads	1,832.22	159.00	1,991.22	1,600.26	390.96
12.	14-Food and Supplies	2,834.41	766.23	3,600.64	3,412.21	188.43
13.	25-Loans and Advances by State Government	1,483.27	-	1,483.27	829.69	653.58
Capital-Charged						
14.	Public Debt	3,685.70	1,092.66	4,778.36	2,745.97	2,032.39
Total		27,990.18	3,241.75	31,231.93	25,771.92	5,460.01

¹ Exceeding ₹ 50 crore in each case.

Savings exceeding ₹ 100 crore in each case are discussed as under:

i Grant number “8-Buildings and Roads” (Revenue-Voted)

Savings occurred mainly under “3054-Roads and Buildings, (₹ 112.28 crore) due to short-supply/non-availability of material on account of closure of quarrying operation in the State as per orders of the Supreme Court and due to receipt of more toll tax.

ii Grant number “9-Education”

Savings occurred mainly under “2202-General Education-Secondary Education” (₹ 254.37 crore), “Elementary Education” (₹ 64.09 crore), “University and Higher Education” (₹ 100.14 crore) and “2203-Technical Education-Engineering/ Technical Colleges and Institutes” (₹ 97.29 crore). They were mainly due to non-filling of vacant posts, payment of 30 *per cent* of arrears of pay instead of 60 *per cent* to the employees, economy measures, non-receipt of guidelines/modalities under, ‘*Sarva Shiksha Abhiyan*’ from Government of India (GOI), non-clearance of departmental proposals, injudicious provision of funds for vacant posts in primary and middle school classes, etc. The savings were offset by excesses under “2202-General Education-01 Elementary Education-109-Scholarship and Incentives-84-Monthly Stipends to BC-A Students in Class I-VIII”, “789-Special Component Plan for Scheduled Castes-97-Monthly Stipends to all Scheduled Caste students in Classes I-VIII”, “03-University and Higher Education-102-Assistance to Universities” and “02-Secondary Education-107-Scholarship”.

iii Grant Number “11-Urban Development”

Savings occurred mainly under “2217-Urban Development” (₹ 583.35 crore) due to less release of grants-in-aid by GOI, economy measures, etc.

iv Grant Number “14-Food and Supplies” (Revenue-Voted)

Savings occurred mainly under the head “2408-Food, storage and warehousing” due to non-finalisation of the smart card scheme by HARTRON (₹ 137.63 crore), less expenditure (₹ 12.73 crore) incurred on subsidy given to below poverty line families and reduction in the rates of dearness allowances and release of less arrear of pay to the employees (₹ 6.16 crore).

v Grant Number “15-Irrigation”

Savings occurred mainly under “2701-Medium Irrigation-Improvement of Old/Existing Channels under NABARD” (₹ 180.74 crore), “2700-Major Irrigation-Western Jamuna Canal Project (Commercial)” (₹ 428.54 crore) and “Multi Purpose River Project (Commercial)” (₹ 57.98 crore). Savings occurred due to less demand on energy charges, calculation of arrears of

Financial Management and Budgetary Control

pay due to revision under the Sixth Pay Commission on approximation basis, surrenders due to economy measures, etc. The savings were offset by excesses under “4700-Capital outlay on Major Irrigation” and “4701 Capital outlay on Medium Irrigation”.

vi Grant number “6-Finance” (Revenue-Charged)

Savings occurred mainly under “2049-Interest Payments-Interest on Internal Debt” (₹ 370 crore). They were mainly due to less payment of interest due to availing of lesser market borrowings during 2009-10 and lower rates of interest fixed by the Reserve Bank of India (RBI), less availing of ways and means advances from RBI, less loans obtained from GOI for Power Bonds, less loans obtained from National Co-operative Development Corporation, Life Insurance Corporation of India and payment of less interest to General Insurance Corporation. The savings were offset by excesses under “2049-Interest Payments-01-Interest on Internal Debt-200 Interest on other Internal Debt-95-Loans from State Bank of India and other Banks” and “96-Loans from National Rural credit fund of NABARD”.

vii Grant number “8-Buildings and Roads” (Capital-Voted)

Savings occurred under the head “5054-Capital Outlay on Roads and Buildings, 03-State Highways, 337-Road works, District Road” (₹ 439.02 crore) due to late sanctioning of projects by the National Capital Regional Planning Board (NCRPB) and under “Special Component Plans for Scheduled Caste, 99-Construction/ widening/strengthening and Special Repair of Roads in the Scheduled Castes Population area” (₹ 234.44 crore) due to merger of schemes, reasons for which had not been intimated. The savings were offset by excesses under “5054-Capital outlays on Roads and Buildings -03-State Highways-101-Bridges-99-1 Construction of High Level Bridge over Tangri nadi on Ambala-Naraingarh Road” and “04-District and other Roads-337-Road Water-98-Rural Roads”.

viii Grant Number “14-Food and Supplies” (Capital-Voted)

Savings occurred under the head, “4408-Capital Outlay on Food Storage and Warehousing” due to less release of arrears of pay and non-finalisation of the smart card project by HARTRON (₹ 155.77 crore), less purchase of wheat and paddy than estimated (₹ 140.62 crore) and non-finalisation of construction cost of a godown by Haryana Warehousing Corporation (₹ 4.16 crore). The savings were offset by excesses under “4408-Capital Outlay on Food Storage and Warehousing-01-Food-101-Procurement and Supply-97-Interest on Capital”.

ix Grant number “25-Loans and Advances by State Government”

Savings occurred mainly under “6801-Loans for Power Projects” (₹ 376.46 crore) due to non-release of funds by GOI, “6217 Loans for Urban Development” (₹ 132.39 crore) due to economy measures, “6515-Loans for other Rural Development Programmes” (₹ 77.79 crore) due to non-receipt of demand from Haryana Rural Development Fund Board and due to non-receipt of complete cases from Deputy Commissioners. Further, savings occurred under “7610-Loans to Government Servants”, etc. (₹ 93.75 crore) due to less demand for loans from Government employees. The savings were offset by excesses under “6851-Loans for Village and Small Industries-102-Small Scale Industries” and “7610-Loan to Government Servants etc.-201-House Buildings Loans” and “202-Advances for purchase of Motor Conveyance”.

x Appropriation-“Public Debt”

Savings occurred mainly under “6003-Internal Debt of the State Government” (₹ 2,161 crore). They were due to less requirement of cash credit limit to the State Bank of India owing to less lifting of foodgrain by Food Corporation of India, less expenditure on availing of Ways and Means advances from RBI and repayment of less loans during the year owing to receipt of less loans from the National Capital Regional Planning Board. The savings were offset by excesses under “6003-Internal Debt of the State Government -105-Loans from the National Bank for Agriculture and Rural Development-99-Loan from NABARD”.

2.3.2 Persistent savings

During the last five years, the grants for Public Debt showed persistent savings of more than ₹ 10 crore, and were 10 *per cent* or more of the total grants (Table 2.3).

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

Sr. No.	Number and name of the grant	Percentage of savings to total provision (Amount of savings)				
		2005-06	2006-07	2007-08	2008-09	2009-10
(₹ in crore)						
Capital (Charged)						
1.	Public debt	38 (473.43)	38 (684.02)	62 (1,375.17)	46 (1,097.31)	42 (2,032.39)

The savings occurred due to decrease in the receipt of loans from the State Bank of India for cash credit limit.

Financial Management and Budgetary Control

2.3.3 Excess expenditure

In four cases, expenditure aggregating ₹ 439.22 crore 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, in the case of Grant number “15 – Irrigation” (**Table 2.4**), excess expenditure of more than 10 crore and also more than 10 per cent had been observed consistently for the last five years:

Table 2.4: List of grants indicating persistent excess expenditure during 2005-10
(₹ in crore)

Sr. No.	Number and name of the grant	Percentage of savings to total provision (Amount of excess expenditure)				
		2005-06	2006-07	2007-08	2008-09	2009-10
Capital-Voted						
	15-Irrigation	19 (118.60)	17 (182.81)	20 (278.72)	12 (171.01)	12 (177.25)

Excess expenditure occurred mainly under the head, “4701-Capital Outlay on Medium Irrigation on Kaushalya Dam” (₹ 24.51 crore), “Improvement of old/existing channels under NABARD” (₹ 199.08 crore) and “New Minor for Equitable distribution of Water” (₹ 44.28 crore).

The excess under “Grant No. 6-Finance”, shown in **Appendix 2.2**, under the head, “2071-Pension and other Retirement Benefits” (₹ 200.50 crore) was due to receipt of more pension revision cases during the year.

2.3.4 Expenditure without provision

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 546.26 crore was incurred in 24 cases as detailed in **Table 2.5** without any provision in the original estimates/supplementary demands and without any reappropriation orders to this effect.

Table 2.5: Expenditure incurred without provision during 2009-10

(₹ in crore)

Number and name of grants	Amount of expenditure without provision	Reasons/remarks
15-Irrigation	0.33	The expenditure was incurred under the head, “2700-Major Irrigation, 02-Western Jamuna Canal Project (Commercial) 101-Maintenance and Repairs-799-Suspense, 99-Suspense”. Reasons have not been intimated by the Government.
	0.27	The expenditure was incurred under the head “2700-Major Irrigation, 18-Non-commercial Irrigation Projects, 001-Direction and Administration, 99-Suspense”. Reasons have not been intimated by the Government.
	338.59	The expenditure was incurred under the head “2700-Major Irrigation, 800-Other Expenditure, 99-Interest”. Reasons have not been intimated by the Government.
	4.84	The expenditure was incurred under the head “2700-Major Irrigation, 799-Suspense, 99-Suspense”. Reasons have not been intimated by the Government.

Financial Management and Budgetary Control

Number and name of grants	Amount of expenditure without provision	Reasons/remarks
	2.15	The expenditure was incurred under the head "2700-Major Irrigation, 001-Direction and administration, 94-Chief Engineer Irrigation". Reasons have not been intimated by the Government.
	1.71	The expenditure was incurred under the head "2700-Major Irrigation, 01-Multi Purpose River Project (Commercial), 800-Other Expenditure, 99-Interest". Reasons have not been intimated by the Government.
	0.74	The expenditure was incurred under the head "2700-Major Irrigation, 001-Direction and Administration, 99-Chief Engineer". Reasons have not been intimated by the Government.
	1.02	The expenditure was incurred under the head "2700-Major Irrigation, 001-Direction and Administration, 95-Special Revenue Staff". Reasons have not been intimated by the Government.
	0.24	The expenditure was incurred under the 2700-Major Irrigation, 09-Naggal Lift Irrigation Project (Commercial). Reasons have not been intimated by the Government.
	77.16	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 16-Rehabilitation of Existing Channels/Drainage system, 001-Direction and Administration, 99-Establishment Expenses". Reasons have not been intimated by the Government.
	3.01	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 799-suspense, 99-suspense". Reasons have not been intimated by the Government.
	6.26	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 99-Establishment Expenses". Reasons have not been intimated by the Government.
	8.51	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 14-Dadupur New Irrigation Project, 001-Direction and Administration, 99-Establishment Expenses". Reasons have not been intimated by the Government.
	4.05	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 05-Jawahar Lal Nehru Project (Commercial), 001-Direction and Administration, 99-Establishment Expenses". Reasons have not been intimated by the Government.
	0.92	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 13-Modernisation and lining of Canal Systems, 001-Direction and Administration, 99-Establishment Expenses". Reasons have not been intimated by the Government.
	5.02	The expenditure was incurred under the head "4701-Capital Outlay on Medium Irrigation, 07-Improvement of Old/Existing Channels Under NABARD, 799-Suspense, 99-Suspense". Reasons have not been intimated by the Government.
	0.24	The expenditure was incurred under the head "4701-Capital Outlay on Medium Irrigation, 06-New Minor for equitable distribution of water, 799-Suspense, 99-Suspense". Reasons have not been intimated by the Government.
	0.23	The expenditure was incurred under the head "4701-Capital Outlay on Medium Irrigation, 800-Other Expenditure, 98-Installation of Augment in Tubewells". Reasons have not been intimated by the Government.
	39.41	The expenditure was incurred under the head "4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 800-Other Expenditure, 99-Flood Production and Disaster Preparedness". Reasons have not been intimated by the Government.
	30.79	The expenditure was incurred under the head "4711-Capital Outlay on Flood Control Projects, 001-Direction and Administration, 97-Execution". Reasons have not been intimated by the Government.

Financial Management and Budgetary Control

Number and name of grants	Amount of expenditure without provision	Reasons/remarks
	0.50	The expenditure was incurred under the head "4700-Capital outlay on Medium Irrigation, 06-New Minor for equitable distribution of water, 19-Kaushalya Dam, 799-Suspense, 99-Suspense". Reasons have not been intimated by the Government.
	0.30	The expenditure was incurred under the head "4700-Capital outlay on Major Irrigation, 13-Modernisation and Lining of Canal Systems, 799-Suspense, 99-Suspense". Reasons have not been intimated by the Government.
4-Revenue	0.17	The expenditure was incurred under the head "2245-Relief on account of Natural Calamity, 05- Calamity Relief Fund, 122-Repairs and restoration of damaged irrigation and flood control works" after entire provision of ` five crore was surrendered injudiciously through re-appropriation due to non-receipt of demand from Deputy Commissioners and non-occurrence of flood in the State during the year. Reasons have not been intimated by the Government.
21-Community Development	19.80	Though a provision of ` 19.80 crore was made in the budget, it was injudiciously withdrawn. The expenditure subsequently was incurred under the head "3604-Compensation and Assignments to Local Bodies and <i>Panchayati Raj</i> Institutions-200-Other Miscellaneous Compensations and Assignments- 92-Assignment of Local Area Development Tax (LADT) proceeds to <i>Panchayati Raj</i> Institutions". The original provisions were reduced through reappropriation due to non-finalisation of the scheme. Reasons have not been intimated by the Government.
Total	546.26	

2.3.5 Drawal of funds to avoid lapse of budget grant

As per provisions contained in Rule 2.10 (6) (5) of Punjab Financial Rules, also applicable to Haryana, no money should be drawn from the treasury unless it is required for immediate disbursement. Twelve Drawing and Disbursement Officers, the audit of whose offices was conducted during 2009-10 had drawn a total amount of ₹ 50.04² crore as detailed in **Appendix 2.3**, which was neither fully spent for specific purposes nor remitted to Government accounts before the closure of financial year.

It was further noticed that the funds drawn during the last quarter or on the last day of the financial year were kept in the cash chest or in bank accounts only to avoid the lapse of budget grants.

2.3.6 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation

² 2006-07: ₹ 19.71 crore; 2007-08: ₹ 12.42 crore, 2008-09: ₹ 17.87 crore and 2009-10: ₹ 0.04 crore.

Accounts by the Public Accounts Committee. However, excess expenditure amounting to ₹ 302.63 crore against six grants (Nos. 3, 8, 10, 15, 20 and 22) for the years 2008-09 was still to be regularised.

2.3.7 Excess over provisions during 2009-10 requiring regularisation

Table 2.6 contains the summary of total excesses in four grants/appropriation amounting to ₹ 439.29 crore over authorisations from the Consolidated Fund of the State during 2009-10 which require regularisation under Article 205 of the Constitution.

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

(Amount in ₹)

Sr. No.	Number and title of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
Revenue (Voted)				
1.	6-Finance	22,42,66,65,000	24,37,28,82,581	1,94,62,17,581
2.	10-Medical and Public Health	17,11,72,22,000	17,73,47,86,262	61,75,64,262
Sub total		39,54,38,87,000	42,10,76,68,843	2,56,37,81,843
Revenue (Charged)				
1.	3-Home	26,89,49,000	32,48,17,722	5,58,68,722
2.	10-Medical and Public Health	40,04,000	46,80,865	6,76,865
Sub-Total		27,29,53,000	32,94,98,587	5,65,45,587
Capital (Voted)				
1.	15-Irrigation	14,53,00,05,000	16,30,25,43,840	1,77,25,38,840
Sub Total		14,53,00,05,000	16,30,25,43,840	1,77,25,38,840
Grand-Total		54,34,68,45,000	58,73,97,11,270	4,39,28,66,270

Reasons for excess expenditure were called for from the Government in August 2010. Reply had not been received (September 2010).

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹ 1,662.82 crore obtained in nine cases, ₹ 50 lakh more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provision as detailed in **Appendix 2.4**. In one case, supplementary provisions totalling ₹ 17.83 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 61.76 crore (**Appendix 2.5**).

2.3.9 Excessive/Unnecessary reappropriation of funds

Reappropriation 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 reappropriation proved excessive or insufficient and resulted in savings of over ₹ 2,167.18 crore under 95 sub-heads and excesses of over ₹ 1,285.34 crore in 50 sub-heads by more than ₹ one crore in each case. Excesses/Savings were more than ₹ 10 crore under 22 sub-heads as detailed in **Appendix 2.6**. In 15³ cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation. Similarly, in six⁴ cases, reduction of provisions through reappropriation proved injudicious as the excess expenditure was more than the provisions reduced through reappropriation.

In 33⁵ cases, injudicious reappropriation of funds resulted in excesses/savings by more than ₹ 25 crore in each case.

2.3.10 Surrender in excess of actual savings

In seven 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 ₹ 713.94 crore, the amount surrendered was ₹ 1,177.57 crore resulting in excess surrender of ₹ 463.63 crore. Details are given in **Appendix 2.7** in one case (Sr. No. 6 of **Appendix 2.7**), the expenditure incurred was in excess of the total grants/appropriations but even then, the funds were surrendered.

2.3.11 Anticipated savings not surrendered

As per paragraph 13.2 of the Punjab Budget Manual also applicable to Haryana, spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2009-10, out of total savings of ₹ 3,194.31 crore in 10 cases under eight grants appropriations (savings of ₹ one crore and above as indicated in each grant/appropriation), amounts totalling ₹ 855.92 crore (27 per cent of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 23 cases (surrender of funds in excess of ₹ 10 crore in each case), ₹ 5,132.42 crore was (**Appendix 2.9**) surrendered on the last two working

³ Sr. No. 13, 14, 15, 28, 38, 40, 80, 91, 110, 112, 114, 115, 117, 118 and 119 of **Appendix 2.6**.

⁴ Sr. No. 41, 42, 44, 60, 99 and 108 of **Appendix 2.6**.

⁵ Sr. No. 6, 9, 14, 16, 26, 27, 28, 41, 42, 53, 54, 56, 59, 61, 72, 73, 77, 78, 81, 82, 83, 88, 92, 99, 100, 104, 108, 109, 110, 111, 115, 140 and 144 of **Appendix 2.6**.

days of March 2010, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.12 Rush of expenditure

Financial rules require that Government funds should be evenly spent throughout the year. Rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 31 heads of 16 grants/appropriations listed in **Appendix 2.10**, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred during the end of the year or in March 2010.

Further scrutiny revealed that out of the expenditure of ₹ 9,901.43 crore incurred on 31 major heads under 15 grants and one appropriation during 2009-10, expenditure of ₹ 5,687.65 crore (57 per cent) was incurred during the last quarter of the year, of which ₹ 3,203.45 crore (32 per cent) was spent during the month of March 2010. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

2.4 Errors in Budgetary Process

In the process of budgeting by the State Government, the following errors were observed:

- Thirteen cases (**Appendix 2.11**) of defective budgeting on account of defective reappropriation orders issued by the Finance Department involving ₹ 189 crore were noticed.
- Out of these, in nine cases, reduction of provisions (₹ 113.28 crore) through reappropriations proved injudicious as there was excess expenditure of ₹ 100.42 in these cases. In four cases involving an expenditure of ₹ 1,655.48 crore, augmenting of funds (₹ 76 crore) through reappropriations proved injudicious as there were savings of ₹ 78.21 crore under these heads.
- In four⁶ cases involving three grants (grant numbers 3, 6 and 7), expenditure of ₹ 1.78 crore, which was to be treated as 'New Service/New Instrument of Service', was met without the approval of the Legislature.
- Against the available saving of ₹ 25.52 crore in voted grant No. "17-Agriculture (Revenue)", reappropriation orders for ₹ 26.97 crore were issued. As the savings to the extent were not available, the

⁶ Sr. Nos.: 15, 16, 17 and 18 of **Appendix 2.11**.

reappropriation order of ₹ 5.95 crore under major head '2402-Soil and Water Conservation Plan', was not taken into account.

- Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and include all credits and recoveries. These are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. Though no recovery was provided in the budget estimates in respect of grant number '15-Irrigation' for the year 2009-10, recovery of ₹ 58.11 crore was made. Further, in respect of six grants⁷, the actual recoveries (₹ 2,583.39 crore) were less than the estimated recoveries (₹ 3,661.77 crore) by ₹ 1,078.38 crore. Details of recoveries are given in the appendix to the Appropriation Accounts. Huge variations between the estimated recoveries and actual realisation indicated faulty budgeting.

2.5 Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure of two grants (Grant No. "4-Revenue"⁸ and Grant No. "7-Other Administrative Services"⁹) was conducted (July and August 2010) on the basis of abnormal savings during 2008-09. Important points noticed during review of these grants for 2009-10 are detailed below:

2.5.1 Grant No. 4-Revenue:

- i) Against the budget provision of ₹ 547.09 crore (Original: ₹ 445.42 crore and supplementary: ₹ 101.67 crore) under the revenue head, an expenditure of ₹ 367.78 crore was incurred, resulting in saving of ₹ 179.31 crore (33 *per cent* of total provision). Supplementary provision of ₹ 101.67 crore, obtained under the grant, proved unnecessary in view of the savings of ₹ 179.31 crore.
- ii) Against the savings of ₹ 179.31 crore, an amount of ₹ 179.42 crore was surrendered on 31 March 2010, resulting in excess surrender of ₹ 10 lakh.

⁷ "4-Revenue", "8-Buildings and Roads", "10-Medical and Public Health", "14-Food and Supplies", "17-Agriculture" and "23-Transport".

⁸ Dealing with "2029-Land Revenue", "2030-Stamps and Registration", "2245-Relief on account of Natural Calamities", "2506-Land Reforms" and "3475-Other General Economic Services".

⁹ Dealing with "2058-Stationary and Printings", "2070-Other Administrative Services" and "2075-Miscllaneous General Services".

- iii) Savings which occurred under “2245-Relief on Account of Natural Calamities” (₹ 163.36 crore), “2506-Land Reforms” (₹ 15.95 crore), “2029-Land Revenue (non-plan)” (₹ 0.29 crore) and “3475-Other General Economic Services” (₹ 0.05 crore) were due to:
- a) non-payment of compensation to the farmers of Bhiwani District where the crops were damaged due to drought (₹ 101.67 crore), non-occurrence of drought and floods in other parts of the State (₹ 48.96 crore) and non-receipt of demand (₹ 16.96 crore) from Deputy Commissioners;
 - b) the funds of ₹ 14.89 crore provided under National land modernisation programme remained unutilised due to non-opening of the necessary head of account. Department attributed (September 2010) the delay to lengthy procedure for opening of head of account;
 - c) non-revision of rates of honorarium to patwaris for Agricultural census by Government of India for which ₹ 0.30 crore provided under the head, “2029-land Revenue-103-Land Records-Headquarter Staff remained un-utilised; and
 - d) providing funds of ₹ 0.49 crore under the head, “2029-Land Revenue-800-other expenditure without demand, resulting in the amount remaining unutilised.

2.5.2 Grant No. “7-Other Administrative Services”:

- i) Against the budget provisions of ₹ 76.18 crore under the Revenue (voted) account, the actual expenditure was ₹ 72.36 crore, resulting in savings of ₹ 3.82 crore, out of which ₹ 3.50 crore was surrendered on 31 March 2010 and ₹ 0.32 lakh remained unsurrendered.
- ii) Under Charged appropriation of revenue account, against the provision of ₹ 59 crore (including supplementary ₹ 3.50 crore), actual expenditure was ₹ 53.05 crore, resulting in saving of ₹ 5.95 crore out of which ₹ four crore only were surrendered on 31 March 2010 and ₹ 1.95 crore remained unsurrendered. In view of saving of ₹ 5.95 crore, supplementary provision of ₹ 3.50 crore was unnecessary.

Savings under this grant occurred due to:

- (a) non-opening of necessary head of account to book ₹ 0.58 crore provided for revamping of Civil Defence. Department (August 2010) attributed the delay to lengthy procedure in opening of head of account; and

- (b) less purchase of printing and stationery items worth ₹ 1.57 crore provided under head “2058-Stationery and Printing” because the High Powered Purchase Committee had not allowed the purchase due to economy measures.

2.5.3 Other points of interest:

(i) *Delay in submission of budget estimates*

Budget estimates for 2009-10 were required to be submitted to the Finance Department by the Administrative Department and Heads of various offices before 3 October 2008 for 2009-10. Eighteen Heads of departments (Grant No. 4: 5 and Grant No. 7: 13) submitted their budget estimates to the Finance Department after delays ranging between 16 and 163 days (**Appendix 2.12**).

(ii) *Excess expenditure over the grant*

Under the major head “2245-Relief on Account of Natural Calamities-282-Public Health” provision of ₹ five crore in BE-2009-10 was reduced to ₹ 0.50 crore against which the Public Health Engineering Department incurred an expenditure of ₹ 1.42 crore. The excess of ₹ 0.92 crore was yet to be regularised (September 2010).

(iii) *Error in release of grants*

Provision of ₹ seven lakh was made for the year 2009-10 under the head “2070-Other Administrative expenditure-107-Home Guards” for reimbursement of medical claims. Against this, the Finance Department erroneously issued (March 2009) a sanction for ₹ 17 lakh. The actual expenditure of ₹ 10.68 lakh resulted in excess expenditure of ₹ 3.68 lakh.

2.6 Conclusion

During 2009-10, expenditure of ₹ 36,693.02 crore was incurred against total grants and appropriations of ₹ 42,000.16 crore. Overall saving of ₹ 5,307.13 crore was out of the total savings of ₹ 5,746.42 crore, which were offset by excess expenditure of ₹ 439.29 crore, which required regularisation. In seven cases, a total amount of ₹ 1,177.57 crore which was surrendered (more than ₹ 50 lakh or more in each case) was in excess by ₹ 463.63 crore of the actual savings, indicating lack of or inadequate budgetary control in these departments. Out of the savings of ₹ 3,194.31 crore in 10 cases, savings of ₹ 855.92 crore were not surrendered. In 23 cases, a total amount of ₹ 5,132.42 crore was surrendered on the last two working days of the financial year. There were also cases of injudicious reappropriations.

2.7 Recommendations

Budgetary control should be strengthened in all the Government Departments where savings/excesses have been observed for the last five years regularly. Release of funds at the end of the year should be avoided.

