

## **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, juxtaposed 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 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 the budget. Appropriation Accounts thus facilitate 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 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 2009-2010 against 82 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 (+)
<b>Voted</b>	I Revenue	33,575.66	2,914.83	36,490.49	31,315.76	-5,174.73
	II Capital	7,168.48	2,649.36	9,817.84	8,101.94	-1,715.90
	III Loans and Advances	1,399.52	2,880.29	4,279.81	3,829.66 <sup>1</sup>	-450.15
<b>Total Voted</b>		<b>42,143.66</b>	<b>8,444.48</b>	<b>50,588.14</b>	<b>43,247.36<sup>2</sup></b>	<b>-7,340.78</b>
<b>Charged</b>	IV Revenue	5,468.27	16.42	5,484.69	4,792.75	-691.94
	V Capital	30.77	--	30.77	30.02	-0.75
	VI Public Debt- Repayment	6,290.46	--	6,290.46	2,394.05	-3,896.41
<b>Total Charged</b>		<b>11,789.50</b>	<b>16.42</b>	<b>11,805.92</b>	<b>7,216.82</b>	<b>-4,589.10</b>
<b>Grand Total</b>		<b>53,933.16</b>	<b>8,460.90</b>	<b>62,394.06</b>	<b>50,464.18<sup>3</sup></b>	<b>-11,929.88</b>

The overall saving of ₹11,929.88 crore was the result of savings of ₹12,053.83 crore in 70 grants and 44 appropriations under the Revenue Section, 48 grants and eight appropriations under the Capital Section, offset by excess of ₹123.95 crore in four grants under Revenue Section.

The savings/excesses were intimated from 2 to 26 July 2010 to the Controlling Officers asking them to explain the significant variations. Out of 849 sub-heads, explanations for variations were not received (August 2010) in respect of 657 sub-heads (savings: 554 sub-heads and excess: 103 sub-heads).

## 2.3 Financial accountability and budget management

### 2.3.1 Appropriations vis-à-vis allocative priorities

The outcome of appropriation audit revealed that in 27 cases, savings exceeded ₹10 crore in each case and also by more than 20 per cent of the total provisions aggregating ₹9,101.78 crore (**Appendix-2.1**). Against the total savings of ₹11,929.88 crore (**Table-2.1**), savings of ₹8,579.16 crore (71.91 per cent)<sup>4</sup> occurred in 13 cases relating to 11 grants and two appropriations as indicated in **Table-2.2**.

<sup>1</sup> Includes ₹ 2.78 crore in respect of Inter-State Settlement.

<sup>2</sup> Gross figure without taking into account the recoveries adjusted as reduction of expenditure under revenue expenditure: ₹211.61 crore and capital expenditure ₹217.09 crore.

<sup>3</sup> The actual expenditure was overstated to the following extent for the reasons mentioned below:

₹397.94 crore (Revenue Voted section: ₹229.93 crore and Capital Voted section: ₹168.01 crore) being the unspent amount was transferred to Major Head 8443-Civil Deposit, 800-Other Deposits through NIL payment vouchers.

₹413.27 crore (Deposit: ₹1,242.89 crore-Disbursements: ₹826.62 crore) in respect of Government and semi-Government institutions added to the balance of Major Head 8443-Civil Deposit, 106-Personal Deposit Account. Out of the total deposit of ₹1,242.89 crore during the year, ₹107.56 crore was credited through NIL payment vouchers.

Genuineness of expenditure of ₹11.47 lakh drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

<sup>4</sup> Exceeding ₹100 crore and also more than 20 per cent of the total provision in each case.

Table-2.2: List of Grants/Appropriations with savings of ₹100 crore and above  
(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1.	06-Finance	4,567.47	11.55	4,579.02	3,144.70	1,434.32
2.	10-Forest	924.29	147.24	1,071.53	825.90	245.63
3.	13-Farmers Welfare and Agriculture Development	634.29	26.62	660.91	511.81	149.10
4.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	643.83	40.59	684.42	454.52	229.90
5.	64-Scheduled Caste Sub Plan	1,087.47	2.04	1,089.51	854.68	234.83
6.	77-Other Expenditure pertaining to School Education Department (Excluding Primary Education)	712.19	585.93	1,298.12	736.54	561.58
7.	80-Financial Assistance to three-tier Panchayati Raj Institution	2,756.34	277.62	3,033.96	2,396.23	637.73
<b>Capital-Voted</b>						
8.	06-Finance	164.41	1.43	165.84	52.51	113.33
9.	23-Water Resources Department	347.17	303.67	650.84	413.27	237.57
10.	41-Tribal Area Sub-Plan	1,410.69	72.66	1,483.35	948.35	535.00
11.	45-Minor Irrigation Works	309.93	235.35	545.28	383.60	161.68
<b>Revenue-Charged</b>						
12.	12-Energy	242.00	--	242.00	99.91	142.09
<b>Capital-Charged</b>						
13.	Public Debt	6,290.46	--	6,290.46	2,394.06	3,896.40
<b>Total</b>						<b>8,579.16</b>

Reasons for the substantial savings in the grants/appropriations shown in the above table are as under:-

**Public Debt (Capital Charged):** Significant savings occurred mainly under 6003-Internal Debt of the State Government- Ways and Means Advances (₹2,000.00 crore) and Advances to meet shortfalls (₹2,000.00 crore), which were partly offset by excesses under 6003-Internal Debt of the State Government-12.25 per cent Madhya Pradesh State Development-Loan, 2009 (₹30.58 crore) and Special Securities issued to National Small Savings Fund of Central Government (₹123.46 crore). Reasons for the savings/excesses had not been intimated (August 2010).

**06-Finance (Revenue Voted):** Substantial savings occurred mainly under 2070-Other Administrative Services-State Plan Schemes (Normal)-Other Expenditure (₹827 crore), 2071-Pension and Other Retirement Benefits-Minor Head 101-Composite State of Madhya Pradesh (₹583.60 crore), 104-Composite State of Madhya Pradesh (₹115.85 crore) and Madhya Pradesh (₹28.05 crore), 117-Contributory Pension Scheme (₹41.32 crore) and 200-Pension Payment to All India

Services officers (₹34 crore), which were partly offset by excesses mainly under 2071-Pension and other Retirement Benefits- 105- Composite State of Madhya Pradesh (₹221.18 crore). Reasons for the savings and excesses had not been intimated (August 2010).

**06-Finance (Capital Voted):** Substantial savings occurred mainly under 6075-Loans for Miscellaneous General Services-Provision for settlement of Guaranteed Loans (₹50 crore) and Loan Assistance for restructuring of State Government Undertakings (₹55.27 crore). Reasons for the above savings had not been intimated (August 2010).

**10-Forest (Revenue Voted):** Substantial savings occurred mainly under Major Head 2406-Forestry and Wild life- Regional Forest Divisions (₹14.83 crore), Centrally Sponsored scheme Normal- Modern Fire Safety Scheme in Forests (₹15.16 crore), Development of National Park and Sanctuaries, Bandhavgarh, Kanha National Park and Tiger Project (₹135.28 crore), Additional Central Assistance (Normal)- Public Forestry and Preparation of Plantation in Nurseries (₹23.54 crore) and Timber (₹36.22 crore). Saving of ₹36.22 crore above was due to non-cutting of timber and bamboo in Naxalite affected areas. Saving of ₹15.16 crore above was partly due to non-receipt of sanction from the GOI (₹1.55 crore). Reasons for other savings have not been intimated (August 2010).

**12-Energy (Revenue Charged):** Significant savings occurred under Major head 2045-Other Taxes and Duties on Commodities and Services-Transfer of Energy Development Cess to Energy Development Fund levied under M.P. Upkar Adhiniyam 1982 (₹142.09 crore). Reasons for the savings had not been intimated (August 2010).

**13-Farmers Welfare and Agriculture Development (Revenue Voted):** Substantial savings occurred mainly under Major head 2401-Crop Husbandry- State Plan Schemes (Normal)-National Agricultural Development Scheme (₹121.94 crore). Reasons for the savings had not been intimated (August 2010).

**23- Water Resources Department (Capital Voted):** Substantial savings occurred mainly under Major head 4700-Capital outlay on Major Irrigation-Minor head 22-Additional Central Assistance (Normal)-Canal and Appurtenant Works (₹44.86 crore), Major head 4702- Capital outlay on Minor Irrigation-Additional Central Assistance (Normal) in scheme Under Construction Minor Irrigation Schemes (₹27.66 crore), Improvement, Strengthening, Re-establishment (₹18.23 crore), Restoration of Canal Capacity (₹33.94 crore), New Minor Irrigation schemes (₹24.51 crore) and Command Area Development Rajghat Project (₹33.94 crore). The savings were mainly attributed to non-utilization of funds under the Bundelkhand Package due to shortage of time.

**41-Tribal Area Sub-Plan (Capital Voted) :** Substantial savings occurred mainly under 4225-Capital Outlay on Welfare of SCs, STs and Other Backward Classes-Central Sector schemes Normal- Miscellaneous Development Works in Tribal Area

Sub Plan Article [275(1)] (₹62.63 crore), 4515-Capital Outlay on Other Rural Development Programmes- Externally Aided Projects (TSP)- DPIP scheme (₹32 crore), 4700-Capital Outlay on Major Irrigation- Tribal Area Sub Plan- Omkareshwar Projects (₹180.14 crore), Lower Goi Project (₹30.99 crore), Major Head 4701-Capital outlay on Medium Irrigation-Halon Project (₹70.04 crore) and Upper Narmada Project (₹84.78 crore), which were partly offset by excesses mainly under 4515-Capital Outlay on Other Rural Development Programme-Madhya Pradesh Assembly Constituency Area Development Scheme (₹22.15 crore) and 4701-Capital Outlay on Medium Irrigation-Medium and Minor Irrigation Projects for Development of Narmada basin (₹21.50 crore). Savings of ₹62.63 crore above were due to non-receipt of the second instalment from Government of India, while savings of ₹32 crore, were due to non-receipt of demand from D.P.I.P. Excess of ₹21.50 crore was due to survey work of Medium and Minor Irrigation Projects. Reasons for the other savings and excesses had not been intimated (August 2010).

**45-Minor Irrigation Works (Capital Voted):** Substantial savings occurred mainly under 4702-Capital outlay on Minor Irrigation-Minor Head-101- State Plan scheme (Normal)- Maintenance, Strengthening and Rehabilitation (₹100 crore) and Minor Head 800-State Plan Schemes (Normal)-Direction and Administration (₹19.88 crore), which was partly offset by excess under Major head 4702, Minor head 101-State Plan scheme (Normal)- Minor and Micro minor irrigation schemes (₹13.96 crore). The excess of ₹13.96 crore above was partly due to payment of Compensation of Land Acquisition (₹5.02 crore). Reasons for the balance excess and the above savings had not been intimated (August 2010).

**58-Expenditure on Relief on Account of Natural Calamities and Scarcity (Revenue Voted):** Significant savings occurred under 2245-Relief on Account of Natural Calamities-Sub major head 01-Minor head-101-Implementation of Relief works through Tehsildars (₹19.90 crore), Additional Provision for Drought Relief and Employment (₹37 crore), Relief for outbreak of fire (₹23.39 crore), Minor Head 102- Drinking Water Supply (₹21.03 crore), Sub major head 02- Minor Head 193-Assistance to Local Bodies/Institutions and Other Non-Government Bodies in flood-affected areas (₹18 crore), Sub major head-80- Minor Head 800- Financial Aid in Calamities under Revenue Book 6-4 (₹16.95 crore) and Assistance and other work for restoration (₹58.47 crore). Savings of ₹37 crore, ₹23.39 crore and ₹58.47 crore above were partly attributed to non-occurrence of calamities (₹20 crore, ₹ seven crore and ₹12 crore respectively). Reasons for the other savings had not been intimated (August 2010).

**64-Scheduled Castes Sub-Plan (Revenue Voted):** Substantial savings occurred mainly under 2401-Crop Husbandry-National Agriculture Development scheme (₹32.85 crore), 2235-Social Security and Welfare-Indira Gandhi National Old Age Pension (₹17.87 crore), Social Security and Welfare (₹18.45 crore), Ladli Laxmi Yojana (₹13.55 crore) and 2236-Nutrition-Centrally Sponsored Schemes-Scheduled

caste sub Plan-Minimum Need Programme-Special Nutrition Scheme (₹98.35 crore). These savings were partly offset by excess of ₹10 crore under Major head 2202-Centrally Sponsored Scheme (SCSP)-Kasturba Gandhi Gram Balika Vidyalaya. Savings of ₹17.87 crore and ₹18.45 crore above were partly attributed to inadequate numbers of beneficiaries (₹17.08 crore and ₹10.21 crore respectively) and excess of ₹10 crore was attributed to requirement of funds for construction of hostel buildings. Reasons for the savings in other cases had not been intimated (August 2010).

**77-Other expenditure pertaining to School Education Department (Excluding Primary Education) (Revenue Voted):** Substantial savings occurred mainly under-2202-General Education- Centrally sponsored Schemes Normal-Implementation of National Secondary Education Abhiyan (₹362.47 crore), Establishment and Operation of Model Schools (₹87.86 crore) and Information and Communication Technology Schools (₹43 crore). Savings were attributed to non-receipt of funds from Government of India (₹362.47 crore, ₹87.86 crore) and non-receipt of Central Share from Government of India and non-receipt of sanctions for the schemes (₹43 crore).

**80-Financial Assistance to Three Tier Panchayati Raj Institutions (Revenue Voted) :** Significant savings occurred mainly Major Head 2202-General Education-01-103-State Plan Schemes (Normal)- Grant for Salary of Shiksha Karmies (₹93.29 crore), 02-191-Grant for Salary of Shiksha Karmies (₹51.50 crore), Major Head 2501-Special Programmes for Rural Development-State Plan Schemes (Normal)-Backward Region Grand Fund Scheme (₹128.67 crore), 2505-Rural Employment-Centrally Sponsored Schemes (Normal)-National Rural Employment Guarantee Scheme (₹53.87 crore) and Major Head 3604- Compensation and Assignments to Local Bodies and Panchayati Raj Institutions-State Plan Scheme Normal-Grant to Gram Panchayats for Basic Works (State Finance Commission) (₹278.47 crore). These savings were partly offset by excesses under Major head 2515-Other Rural Development Programme-Recommendation of Central Finance Commission (Normal)-Improvement of Sources relating to water supply and sanitation (₹26.82 crore) and Grant to Gram Panchayats for Minimum Basic Needs (₹26.61 crore). Savings of ₹93.29 lakh and ₹51.50 lakh above were mainly due to economy cuts imposed by the Finance Department. Savings of ₹128.67 crore and ₹53.87 crore above were due to receipt of administrative sanction/Central share for less amount from the Government of India. Reasons for other savings/excesses have not been intimated (August 2010).

### **2.3.2 Persistent savings**

In eight cases, during the last five years, there were persistent savings of more than ₹ one crore in each case and also by 20 per cent or more of the total provision/grant (Table-2.3).

Table-2.3: List of grants/appropriations indicating persistent savings during 2005-10  
(₹ in crore)

Sl. No.	Number and name of the grant	Amount of savings Percentage in brackets				
		2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenue-Voted</b>						
01	22-Urban Administration and Development-Urban Bodies	4.04 (30.93)	10.95 (52.52)	9.45 (39.84)	36.76 (56.61)	24.83 (40.24)
During 2007-08 and 2009-10, the savings were mainly under Major head 2217-Urban Development-Urban services programme for poor people and State Urban Cleanliness Mission due to non-filling of vacant posts, non-finalization of tenders/ agreement, non-supply of material and primary stage of consultancy works and conduction of work through Project UDAY. The savings during 2005-06 to 2006-07 were mainly under Major head 2217 in the scheme 'Development of Basic Facilities in Municipal Corporations' due to fixing of target for completion of work in the next financial year, late commencement of project implementation work, reduction in allotment by the State Planning Board, posts remaining vacant, non-preparation of work plan etc.						
<b>Revenue-Charged</b>						
02	06-Finance	2.56 (91.76)	3.09 (30.78)	10.44 (98.40)	10.70 (84.05)	9.99 (78.48)
During 2005-06 to 2009-10, savings occurred persistently under the schemes 2071-Pension and Other Retirement Benefits-01-101 and 102-Composite State of Madhya Pradesh, reasons for which were not intimated by the Finance Department.						
<b>Capital-Voted</b>						
03	01-General Administration	6.10 (100)	7.55 (100)	7.25 (77.54)	5.62 (39.86)	5.02 (52.29)
During 2005-06 to 2009-10, savings persistently occurred under the Major head 4059- Capital outlay on public works in the Scheme "Construction of proposed Madhyanchal Bhawan in Delhi" which were mainly due to slow progress of construction works, non-submission of bills by the contractor and surrender as per the decision of High-Powered Committee, stay order of Supreme Courts and cancellation of contract. In addition to this, savings during 2007-08 occurred under the scheme "Establishment of good governance and Policy Analysis School" as a result of providing funds in Revenue Major head 2052-Secretariate General Services in the second Supplementary Budget and under the scheme "Construction of Administrative Buildings" during 2009-10, reasons for which have not been intimated.						
04	40-Expenditure pertaining to Water Resources Department-Command Area Development	4.50 (40.18)	8.72 (52.28)	6.05 (39.08)	4.43 (27.86)	3.75 (21.44)
During 2005-06 to 2009-10, savings were mainly under the Major head 4705- Capital outlay on Command Area Development in the scheme "construction of field channels" and "correction of system deficiency". The savings during 2006-07 to 2008-09, were mainly due to non-receipt of approval/sanction from the Government of India, non-deposit of 10 per cent deposit by the farmers, delays in feeding of allotments in the treasury server, slow progress of work, non-completion of On Farm Development (OFD) works, non-sanction of estimates, non-settlement of objection of GOI etc. No reasons were given for 2005-06 and 2009-10.						

Report on State Finances for the year ended 31 March 2010

05	57-Externally aided projects pertaining to Water Resources Department	49.70 (29.20)	93.04 (50.68)	172.85 (54.13)	111.18 (31.74)	89.69 (25.58)
<p>During 2005-06 to 2009-10, savings mainly occurred under the Major head 4700-Capital outlay on Major Irrigation in the schemes "Water Resources Management Institute and sources SWARA and SWAR TANK", "Improvement in productivity of pre-constructed Irrigation Schemes of Five Basins-Agriculture, Fisheries, Horticulture, Animal Husbandry, Water Resources, Agriculture Department" and Project Implementation Co-ordination Unit PICU. Reasons for most of the savings had not been intimated. However savings during 2009-10 were partly due to non-receipt of expected demands and savings in 2008-09 were partly due to adoption of economic measures, insufficient progress of consultancy agreement apart from receipts of less demands for training and slow progress in civil works. In 2007-08, savings were partly due to slow progress of works, non-completion of procedural work, non-appointment of contract employees, economy measures, posts remaining vacant, non-finalisation of proposals of consultancy services and training plan. In 2006-07, savings were partly due to non-commencement of work due to technical reasons and delay in finalisation of agency and non-finalisation of procedure for procurement of goods and equipment.</p>						
06	58-Expenditure on Relief on account of Natural Calamities and Scarcity	16.30 (100)	16.30 (100)	4.30 (100)	2.50 (100)	2.70 (64.29)
<p>Savings during 2005-06 to 2009-10 persistently occurred under the Major head 6245-Loans for relief on account of Natural Calamities in the scheme, "Loans for Redressal of water scarcity arising out of Natural Calamities". The reasons for savings in 2006-07 to 2008-09 were mainly due to non-supposition of calamities. No reasons were given for 2005-06 and 2009-10. In addition to the above, savings also occurred during 2005-06 and 2006-07 under the Major heads 4402- Capital outlay on soil and water conservation in the scheme "Construction work", 4702- Capital outlay on Minor Irrigation in scheme Minor Irrigation (Agriculture) and 5054- Capital outlay on Roads and Bridges in the Scheme "District and other Roads" reasons for which had not been intimated.</p>						
07	72-Gas Tragedy Relief and Rehabilitation	3.34 (60.62)	3.68 (59.94)	1.41 (21.08)	2.67 (54.05)	2.71 (55.19)
<p>During 2005-06 and 2009-10, savings persistently occurred under the Major head, 4210-Capital Outlay on Medical and Public Health in the Scheme "Kamla Nehru Hospital". However the reasons for savings had not been intimated.</p>						
<b>Capital-Charged</b>						
08	Public Debt	7,577.46 (88.82)	4,463.47 (72.05)	2,004.48 (54.45)	1,875.54 (48.88)	3,896.40 (61.94)
<p>During 2005-06 to 2009-10, savings persistently occurred mainly under the scheme 6003-110-779-Advances to Meet Shortfall and 637-Ways and Means Advances. Specific reasons for the savings were not intimated by the department.</p>						

### 2.3.3 Excess expenditure under schemes

In 29 cases of schemes, expenditure aggregating ₹1,372.76 crore exceeded the approved provisions by ₹10 crore or more in each case and also by more than 20 per cent of the total provisions. Details are given in **Appendix-2.2 (A)**.



### 2.3.4 Unutilized provisions under schemes

In 54 schemes, the entire provision of ₹ five crore or more in each case aggregating to ₹6,525.67 crore remained unutilized. The details are given in **Appendix-2.2 (B)**.

### 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 ₹4,691.44 crore for the years 1993-95, 1997-2007 and 2008-09 was still to be regularized as detailed in **Appendix-2.3**. The year-wise amounts of excess expenditure pending regularization for grants/appropriations are summarized in **Table-2.4**.

**Table-2.4 : Excess over provisions relating to previous years requiring regularization**

Year	Number of		Amount of excess over provision (₹ in crore)	Status of Regularization
	Grants	Appropriations		
1993-94	19	02	258.11	Explanatory notes submitted to PAC
1994-95	14	01	407.46	--do--
1997-98	10	03	302.79	Explanatory notes submitted except for ₹23,35,170
1998-99	12	05	1,276.45	Explanatory notes submitted
1999-2000	11	06	1,584.94	Explanatory notes submitted
2000-2001	03	04	265.07	Explanatory notes submitted
2001-2002	-	03	6.26	Explanatory notes submitted
2002-2003	03	05	424.79	Explanatory notes submitted except for ₹31,000
2003-2004	04	03	2.54	Explanatory notes submitted except for ₹2.46 crore
2004-2005	13	02	83.66	Explanatory notes submitted except for ₹4.44 crore
2005-2006	04	02	37.58	Explanatory notes submitted except for ₹29.23 crore
2006-2007	02	01	35.99	Explanatory notes not submitted for whole amount
2007-2008	Nil	Nil	Nil	Nil
2008-2009	02	02	5.80	Explanatory notes not submitted to PAC
<b>Total</b>	<b>97</b>	<b>39</b>	<b>4,691.44</b>	

### 2.3.6 Excess over provisions during 2009-10 requiring regularization

**Table-2.5** contains a summary of total excesses in four grants amounting to ₹123.96 crore over authorization from the Consolidated Fund of the State during 2009-10 and requires regularization under Article 205 of the Constitution.

**Table-2.5: Excess over provisions requiring regularization during 2009-10**

(₹ in crore)

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
<b>Revenue Voted Grants -</b>					
01	03	Police	1,615.90	1,701.62	85.72
02	27	School Education (Primary Education)	2,562.99	2,594.69	31.70
03	32	Public Relations	82.41	84.30	1.89
04	49	Scheduled Caste Welfare	54.61	59.26	4.65
<b>Total</b>			<b>4,315.91</b>	<b>4,439.87</b>	<b>123.96</b>

No reasons for the above excesses had been intimated (August 2010).

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions of ₹50 lakh or more in each case aggregating ₹1,272.27 crore obtained in 46 cases during the year, proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Appendix-2.4**. In 28 cases, against the additional requirement of ₹5,194.82 crore, supplementary provision of ₹6,796.06 crore proved excessive, resulting in savings in each case exceeding ₹20 lakh, aggregating ₹1,601.24 crore (**Appendix-2.5**). In four cases, supplementary provisions proved insufficient leaving uncovered excess expenditure of ₹123.97 crore as detailed in **Appendix-2.6**.

### 2.3.8 Excessive/unnecessary re-appropriation/surrender 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-appropriations/surrenders (cases with 25 per cent and above) in respect of 44 schemes resulted in savings/excesses of more than ₹ one crore in each scheme as detailed in **Appendix-2.7**.

### 2.3.9 Defective sanctions for re-appropriation/surrenders

As per instructions (November 2006 and March 2007) of the State Government and its financial rules, (i) all sanctions for re-appropriations/ surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E)'s office well in time for incorporation in the accounts, (ii) proper details of schemes should be furnished and total of sanctions should be correct (iii) re-appropriation of more than 10 per cent of the provision under the object heads salary, wages and office expenses are not permissible without the consent of the Finance

Department (iv) separate re-appropriation sanctions should be issued for the excess items under some detailed heads given in surrender sanction and (v) provisions in concerned heads should be available from which surrenders/re-appropriations are sanctioned. A total of 55 sanctions of re-appropriation or surrender of ₹671.99 crore issued during the year in violation of these instructions were not accepted by the Accountant General (A&E) for inclusion in the accounts. Details are given in **Appendix-2.8**.

### **2.3.10 Substantial surrenders**

Substantial surrenders (cases where more than 50 *per cent* of the total provision) were made in 83 schemes. Out of total provisions of ₹2,038.56 crore in these 83 schemes, ₹1,582.12 crore (77.61 *per cent*) were surrendered, which included 100 *per cent* surrender in 35 schemes (₹530.01 crore). Details of selected 35 cases along with reasons are given in **Appendix-2.9**. The main reasons for the substantial surrenders were non-availability of provision in share capital under Rajiv Gandhi Rural Electrification Scheme, non-utilization of funds under Bundelkhand Package, non-commencement of work/implementation of the scheme, non-receipt of demand from D.P.I.P schemes, non-approval of proposal of strengthening by the Government, non-releasing of funds by the Government of India (GOI), restriction on purchases, non-allotment of DDO Code to new polytechnic, posts remaining vacant, slow progress of work, closing of the scheme by GOI etc. The reasons of surrenders in respect of 12 cases (**Appendix-2.9**) had not been intimated (August 2010).

### **2.3.11 Unrealistic and injudicious surrenders**

#### **(A) Surrender in excess of the actual savings**

In eight cases, the amounts surrendered (₹one crore 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 ₹1,129.75 crore, the amount surrendered was ₹1,270.79 crore, resulting in injudicious surrender of ₹141.04 crore. Details are given in **Appendix-2.10**.

#### **(B) Surrender even after excess over provision**

In three cases, the amounts were surrendered (₹ one crore or more in each case) when there was already excess expenditure indicating lack of or inadequate budgetary control in these department. Though there was excess expenditure of ₹119.30 crore, the amount surrendered was ₹83.28 crore. Details are given in **Appendix-2.10**.

### **2.3.12 Anticipated savings not surrendered**

As per instructions (November 2006 and March 2007) of the State Government, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2009-10, there were, however, 28 grants and 22 appropriations in which

savings occurred but no part of them had been surrendered by the concerned departments. The amount involved in these cases was ₹5,167.36 crore (43.31 per cent of the total savings of ₹11,929.88 crore, as given in **Table-2.1**) (**Appendix-2.11**).

Similarly, out of the total savings of ₹5,276.96 crore under 47 other grants/appropriations of savings of ₹ one crore and above in each grant/appropriation, an amount aggregating ₹3,372.35 crore (63.91 per cent of the total savings in these schemes) was not surrendered, details of which are given in **Appendix-2.12**. Besides, in 51 major heads, (surrender of funds in excess of ₹10 crore in each case), a total of ₹3,188.67 crore (**Appendix-2.13**) was surrendered on the last two working days of March 2010, indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.

### 2.3.13 Rush of expenditure

According to the provisions of the Madhya Pradesh Treasury Code (MPTC) and instructions dated 23 March 1989, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 56 schemes listed in **Appendix-2.14**, expenditure exceeding ₹10 crore and also more than 50 per cent of the total expenditure in each case aggregating ₹6,124.82 crore (77.76 per cent of the total expenditure in these cases) was incurred in March 2010.

**Table-2.6** 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-2.6: 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 the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	4055	20.95	20.95	100	17.55	83.77
2.	4202	230.12	184.10	80	121.03	52.59
3.	4210	78.56	52.60	66.96	46.48	59.17
4.	4216	28.11	22.87	81.36	21.39	76.09
5.	4225	258.40	213.79	82.74	163.68	63.34
6.	4235	47.03	45.46	96.66	44.57	94.77
7.	4801	1,976.43	1,811.95	91.68	1,569.89	79.43
8.	5452	55.59	41.20	74.11	30.20	54.32
9.	6075	44.73	24.82	55.49	24.82	55.49
10.	6801	3,563.67	2,750.35	77.18	2,459.51	69.02
	<b>Total</b>	<b>6,303.59</b>	<b>5,168.09</b>	<b>81.99</b>	<b>4,499.12</b>	<b>71.37</b>

The percentage of expenditure spent in the month of March to total expenditure in respect of 10 Major heads ranged between 52.59 per cent to 94.77 per cent against the proportionate percentage of 8.33 per month indicating deficient financial

management and non-maintenance of uniform flow of expenditure which is a primary requirement of budgetary control.

**2.4 Pendency in submission of DCC Bills, Non-reconciliation of Departmental figures and Non adjustment of Temporary Advances**

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

As per Rule 313 of MPTC, every drawing officer has to certify in each Abstract Contingent (AC) bill that Detailed Countersigned Contingent (DCC) 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. There was an outstanding balance of DCC bills of ₹21.11 crore pertaining to the period from 1996-97 to 2009-10 as on 31 March 2010. Year-wise details are given in **Table-2.7**.

**Table-2.7: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills**

(₹ in crore)

Sl. No.	Year	Amount of outstanding AC bills
1	1996-1997	0.16
2	1997-1998	0.03
3	1998-1999	2.41+0.01
4	1999-2000	4.01+4.03 <sup>5</sup>
5	2000-2001	2.00
6	2001-2002	0.003
7	2002-2003	Nil
8	2003-2004	Nil
9	2004-2005	4.60 <sup>6</sup>
10	2005-2006	2.74 <sup>6</sup>
11	2006-2007	0.25 <sup>6</sup>
12	2007-2008	0.04
13	2008-2009	Nil
14	2009-2010	0.83
<b>Total</b>		<b>21.11</b>

5 AC Bills of ₹4.03 crore pertaining to Major Head 2202 were destroyed in a fire accident that took place on 29.2.2000. Hence details were not available.

6 The details of AC Bills of ₹4.60 crore, ₹2.74 crore and ₹0.25 crore pertaining to Major Head 2070 (State Protocol Officer) were not available due to the seizure of records by Investigating Agency of embezzlement case.

Department-wise pending DCC bills for the years up to 2009-10 is detailed in **Appendix-2.15**.

### 2.4.2 Unreconciled 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, the Manual of Treasury Compilation (Second Edition 2007), Office of the Accountant General (A&E) stipulates that the expenditure recorded in their books should 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 pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2009-10 also. Controlling Officers of 12 departments did not reconcile expenditure amounting to ₹3,039.76 crore as of March 2010. Out of these 12 Controlling Officers, amounts exceeding ₹10 crore in each case aggregating ₹3,038.42 crore remained unreconciled during 2009-2010 in respect of 10 controlling officers as given in **Table-2.8**.

**Table-2.8 : List of Controlling Officers under whom amounts exceeding ₹10 crore in each case remained unreconciled during 2009-10**

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Commissioner, Rehabilitation, Bhopal	10.86
2.	Commissioner, Panchayati Raj Directorate, Bhopal	2,187.58
3.	Director, Public Prosecution, Bhopal	357.36
4.	Commissioner, Women and Child Development, Bhopal	45.84
5.	Secretary, Panchayat and Rural Development, Bhopal	23.60
6.	Secretary, Finance Department, Bhopal	44.72
7.	Secretary, Energy Department, Bhopal	43.91
8.	Secretary, Commercial Industry and Employment, Bhopal	148.74
9.	Secretary Law and Legislative Affairs Department, Bhopal	58.52
10.	Chief Principal, Forest Conservator, Bhopal	117.29
<b>Total</b>		<b>3,038.42</b>

### 2.4.3 Non-adjustment of temporary advances

Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanctions of the State Government. According to the State Finance Departments' instructions (October 2001), temporary advances taken by Government employees for tours or contingent expenditure should be adjusted within three months or at the end of financial year, whichever was earlier. Otherwise interest as per the interest rate on fixed deposits of State Bank of India would be charged from the responsible employee/officer.

Test check of records (June 2004 to May 2010) of Drawing and Disbursing Officers in the State and information provided by the various departments (to the extent available) reveals that as of 31 March 2010, 1973 advances aggregating ₹42.68 crore were pending for adjustment by DDOs in their records. Adequate reasons for non-adjustment of temporary advances for periods ranging from one year to more than 10 years had not been intimated by the department. Age-wise analysis of advances pending is given in **Table-2.9**.

**Table-2.9: Age wise analysis of advances pending**

Sl. No	Pendency	No of Advances	Amount (₹ in lakh)
1	More than 10 years	608	25.00
2	More than five years upto 10 years	245	42.50
3	More than one years but less than five years	687	3,904.89
4	Less than one year	433	295.57
<b>Total</b>		<b>1973</b>	<b>4,267.96</b>

The Government should take appropriate action to adjust the advances pending for more than 10 years. Pendency indicates ineffective loan management of the concerned department.

## 2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were 773 PD Accounts (Government:763, Semi Government:10) having balances of ₹1,904.52 crore as of 31 March 2010 in 53 District Treasuries. Of these accounts, 235 PD Accounts with balances of ₹111.55 crore, had no transactions during 2009-10. The closing balances in the PD accounts indicated that the administrators had not followed the provisions of MPTC PART I Rule 543 regarding closing of PD Accounts by minus debit to the relevant service head before closing of the financial year.

(i) Test check of records (July 2010) of Project Director, Madhya Pradesh Urban Service Programme for Poorers (MPUSP) (Urban Administration and Development Department) revealed that a sum of ₹33.11 crore were drawn from the Consolidated Fund of the State (Grant no. 22-2217-05-800-7321) and deposited into PD Account No. 46 during 2009-10. The same amount was drawn from the PD Account and credited to the bank account during 2009-10. The unspent balances of ₹1.19 crore were still lying in the bank account as of 31 March 2010. According to Rule 6 of Madhya Pradesh Financial Code Part I Government money drawn from the treasury should not be kept in outside Government Accounts. No money should be drawn from the treasury unless it is required for immediate disbursement as per MPTC Part I Rule 284. Further, as per Finance Department instructions (February 2009), all the bank accounts were to be closed by 28 February 2009 and amounts transferred to Government Accounts. Thus the department irregularly transferred the funds to its

bank account from PD Accounts instead of closing it at the end of the financial year by minus debit of balances to the relevant service heads as per Rule 543 of MPTC Part I. The department stated that the amount was drawn from the PD Account for payment to a consultant and suppliers' bills which were paid in April and May 2010. The reply is not tenable as the department had not followed the instructions regarding closing of PD Account by transfer the balance amount to the consolidated fund by minus debit to the relevant service head. The matter was reported to Government (August 2010), reply had not been received (September 2010).

(ii) Test check of records (July 2010) pertaining to the Director, Medical Services, Bhopal revealed that two PD Accounts - out of which, one PD Account No. 26 for "Construction work" in the name of Commissioner, Medical Services and other PD Account No. 37 under Medicine Policy in the name of Director Medicine cell, Bhopal were in operation. There were balances of ₹8.68 crore under PD Account No. 26 and ₹69.39 crore (includes ₹30.31 crore relating to Central sector schemes) under PD Account No.37 as of 31 March 2010. These accounts were not closed at the end of the financial year by minus debit to the concerned service heads. Further, it was noticed that there were no transactions during 2009-10 in respect of PD Account No. 26 and as per sanction dated 17 March 2008 of Directorate Health Services M.P. Bhopal, an amount of ₹38.80 crore were transferred (29 March 2008) from PD Account No. 26 to PD Account No.37 above without the consent/approval of the Finance Department.

(iii) Test check (July 2010) of records pertaining to Land Acquisition Officer Bhopal revealed that an amount of ₹28.64 crore were lying in PD Account as of 31 March 2010. It was not closed at the end of the financial year by minus debit to the relevant service heads of the consolidated funds.

## **2.6 Outcome of Review of Selected Grants**

A review of budgetary procedure and control over expenditure and test check of records pertaining to seven grants<sup>7</sup> revealed the following:

### **2.6.1 Non-maintenance of expenditure control registers**

For the purpose of effective control and monitoring over expenditure, a register is required to be maintained by controlling officers of grants the subordinate offices are required to send monthly expenditure statements regularly to these controlling officers. Figures of expenditure so received are to be posted in the Expenditure Control Register and progressive totals thereof worked out month-by-month by the controlling officers to enable them to update the position of expenditure.

Test check of records of grant nos. 2, 37, 45, 58, 64 and 69 revealed that neither were Expenditure Control Registers maintained by any of the controlling officers nor did

---

<sup>7</sup> 02-Other expenditure pertaining to General Administration Department (Revenue Voted), 20-Public Health Engineering (Capital Voted), 37-Tourism (Capital Voted), 45-Minor Irrigation Works (Capital Voted), 58-Expenditure on Relief on account of Natural Calamities and Scarcity (Revenue Voted and Capital Voted), 64-Scheduled Castes Sub Plan (Revenue Voted) and 69-Information Technology (Revenue Voted)



the subordinate offices submit Monthly Expenditure Statements regularly. This indicated the absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, and (b) inadequate/unnecessary/ excessive supplementary provisions.

### 2.6.2 Defective preparation of budget estimates

The procedure followed in the test-checked grants and the Appropriation Accounts, 2009-10 revealed that demands for budget estimates were prepared on an ad hoc basis. The poor quality of budget preparation and budgetary operations led to huge savings totaling ₹489.09 crore ranging between ₹10.41 crore and ₹234.83 crore in four grants (2, 58, 64 and 69) under the Revenue voted section. In the Capital voted section also, excessive provisions totaling ₹233.96 crore ranged from ₹2.70 crore to ₹161.67 crore in four grants (20, 37, 45 and 58).

Substantial savings occurred of ₹ two crore or more and also more than 20 per cent of the provision in each case aggregating ₹689.92 crore under 43 schemes of the test-checked grants during 2009-10 (persistent savings had occurred in respect of 13 schemes) as per details given in **Appendix-2.16**. Under nine schemes, substantial excesses of more than ₹one crore in each case totaling ₹44.37 crore during 2009-10 were noticed as per details given in **Appendix-2.17**.

In two schemes, supplementary provisions totaling ₹108.35 crore remained unutilized and proved unnecessary and in another two schemes, the supplementary provisions were excessive by ₹26.68 crore. In one other scheme, the supplementary provision was inadequate in view of a total excess of ₹13.96 crore. Details are given in **Appendix-2.18**.

### 2.6.3 Parking of funds under Civil Deposit and Bank Account

Financial Rules prohibit drawal of money from the treasury unless required for immediate disbursement. Test check of records and Appropriation Accounts 2009-10 revealed that money was drawn and credited to Civil Deposit after being exhibited as final expenditure in the accounts to avoid the lapse of budget provisions. Details are given below: -

- (i) A sum of ₹37.26 crore was drawn from Grant no.58 under the heads 2245-80-103-7024- The amount received from National Contingency Calamities Relief Funds (₹27.83 crore) and 4059-01-051-0101-5720-Construction of Disaster Relief Buildings (₹1.50 crore); Grant no.20 under the heads 4215-01-102-0701-2580-Rural piped water supply scheme (₹ Three crore) and 4215-01-102-0701-9489-Flourosis control programme in the State (₹3.43 crore); Grant no.64 under the head 3451-789-101-0103-5612-Strengthening of Decentralized Scheme (₹1.50 crore) and credited to Major head 8443-Civil Deposit-800-other Deposits on 31 March 2010.

- (ii) An amount of ₹5.36 crore was drawn (February 2010) by Commissioner Tribal Development Bhopal in Grant no.64 under the scheme 2225-01-793-800-0603-4986-Grant to Special Authority for denotified nomadic castes and released to the Nomadic Castes Authority, which was credited to Bank A/C (PNB Jumerati, Bhopal). The funds were still lying unutilized (July 2010) in the bank account.
- (iii) An amount of ₹25.78 crore released in November 2006 (₹18.30 crore) and March 2008 (₹7.48 crore) by the Government of India in Grant no.69-under the Scheme 3435-60-600-0701-6873-National e-Governance Plan was deposited under major head 8443- Civil Deposits-800-Other Deposits on 31 March 2008 and 31 March 2009 respectively and these are still lying unutilized (July 2010). This resulted in blocking of GOI Funds. The controlling officer confirmed the facts.
- (iv) A sum of ₹7.29 crore was drawn by the Director, Information Technology under Grant no.69-3425-60-600-0701-6874-Establishment of State Wide Area Network (₹ seven crore) and 0101-6760-Assistance to MAPIT or other Institutions for new Technology (₹0.29 crore). Out of this, ₹4.29 crore remained unutilized (July 2010). The department stated the payment would be made after completion of all the works and formalities, tests etc. The reply of the department confirmed the fact that the said amount was not required for immediate payment and drawals were made to avoid lapse of budget provision.

#### **2.6.4 Non-reconciliation of expenditure under selected grants**

In order to enable the controlling officers to ascertain the exact and updated position of expenditure, figures of expenditure in departmental records should be reconciled with those shown in the records of the Accountant General (A&E)-I, Madhya Pradesh. Test check revealed that reconciliation of departmental expenditure figures for the year 2009-10 was not carried out with the figures of the Accountant General (A&E)-I by any of the Controlling Officers in respect of grant nos. 45, 64 and 69 demonstrating ineffective control over expenditure.

#### **2.6.5 Excessive surrender of Funds**

In Grant no. 64 under the scheme 2225-01-793-277-063-538- Grant to Educated youths for construction of infrastructure and training for self-employment, against the provision/allotment for ₹7.60 crore, an expenditure of ₹2.56 crore was booked with a saving of ₹5.04 crore. However, ₹6.26 crore was surrendered against the saving of ₹5.04 crore which resulted in excess surrender of ₹1.22 crore. This indicated ineffective control over expenditure by the department.

#### **2.6.6 Irregular drawal of State's share**

The Finance Department, Government of Madhya Pradesh issued instructions (March 2009) that funds allocated as the State's share in respect of Centrally

sponsored schemes (CSS) should be drawn only after receipt of the funds (Central Share) from the Central Government.

Scrutiny (July 2010) of records revealed that Government of India (Information Technology) sanctioned (October 2006) a project of State Wide Area Network (SWAN) for a total outlay of ₹174.21 crore in respect of Madhya Pradesh with Central share of 67 per cent (₹116.70 crore) and State share of 33 per cent (₹57.51 crore). During 2005-06 to 2008-09, the State Government drew the State share of ₹28.29 crore and received Central share of only ₹12 crore up to 2008-09 as against the required Central share of ₹56.48 crore, resulting in less receipt of ₹44.48 crore due in 2009-10. During 2009-10, the Director, Information Technology (DIT) drew (March 2010) the State's share of ₹ seven crore in Grant no.69 under the scheme 3425-60-600-0701- CSS (Normal)-6874-Establishment of SWAN while there was already less receipt of Central funds.

The department assured compliance of Government instructions in future.

#### **2.6.7 Unauthorized drawal of funds from the State Plan scheme for Centrally Sponsored scheme**

Government of India sanctioned (March 2009), payment of ₹12.20 crore as additional Central assistance under the National e-Governance Action Plan. However, the State Government made a budget provision of ₹8.67 crore under the Centrally Sponsored scheme (normal) and ₹17.35 crore in the State Plan scheme 'National e-Governance Plan' in grant no. 69.

Scrutiny (July 2010) of records revealed that during 2009-10, the Government sanctioned (November 2009) drawal of ₹12.20 crore from the State Plan scheme for implementation of the Centrally Sponsored scheme instead of from the allocation under the Centrally Sponsored scheme. Funds ₹8.67 crore provided under the Centrally Sponsored scheme was surrendered in January and March 2010 instead of utilising it.

The department replied that the scheme 'National e-Governance plan' was under State Plan scheme. The reply is not acceptable as the funds provided under Centrally Sponsored scheme in the Budget remained unutilized and consequently were surrendered notwithstanding the fact that the scheme being implemented was a Centrally Sponsored scheme.

#### **2.6.8 Rush of expenditure in March under schemes**

According to the provisions of the Madhya Pradesh Treasury Code (MPTC) and instructions dated 23 March 1989, rush of expenditure in the closing month of the financial year should be avoided. Regular flow of expenditure throughout the year is the primary requirement of budgetary control. In 20 schemes as per details given in **Appendix-2.19**, the expenditure incurred during March 2010 totaling ₹438.20 crore ranged from 60 per cent to 100 per cent of the total expenditure. This indicates inadequate financial control and possibility of drawal of funds to avoid lapse of budget provision.

### 2.6.9 Drawal of funds in excess of Budget allotment

Government of Madhya Pradesh Finance Department issued (April 2009) instructions, imposing a 10 *per cent* cut from the object head 42-Grant-in-aid (Non-Plan) during the year 2009-10.

Scrutiny of records relating to Grant no.02 revealed (July 2010) that ₹one crore and ₹15 lakh under the heads 2052-092-8243-Grant-in-aid to Human Rights Commission and 2235-60-107-7512-Bus passes for Freedom fighters respectively allocated in the State Budget (vote on Account) from 1 April 2009 to 31 July 2009, were drawn during May to September 2009 and March 2010, without deducting the 10 *per cent* cut imposed by the Finance Department, resulting in excess drawal of ₹11.50 lakh by the Department. Department accepted the facts and assured compliance in future.

## 2.7 Conclusion

Although the overall saving of ₹11,930 crore during the year was 19 *per cent* of the total budget provision (₹62,394 crore), the following facts indicate defective budget preparation, ineffective financial management and budgetary control over expenditure by the State Government :

Supplementary provisions of ₹8,461 crore obtained during the year were not required in view of the overall saving of ₹11,930 crore. Rupees 398 crore was transferred to Civil Deposit (Other Deposits) and ₹413 crore were transferred to the balances of PD Account during 2009-10 by exhibiting these as final expenditure in the accounts. There were cases of persistent savings, excess expenditure in 29 schemes and unutilized provision of ₹6,526 crore in 54 schemes during the year. A sum of ₹3,189 crore was surrendered on the last two days of the financial year. Government was still to regularize excess expenditure of ₹4,691 crore pertaining to the periods 1993-94, 1994-95 and 1997-98 to 2008-09. Excess expenditure of ₹123.96 crore in four grants during the year required regularization. There were defective sanctions of surrenders/re-appropriations amounting to ₹671.99 crore issued in violation of financial rules and instructions of the Government. AC bills amounting ₹21.11 crore remained outstanding for adjustment as on 31 March 2010. Twelve Controlling Officers did not reconcile expenditure of ₹3,039.76 crore. Government did not close 773 PD Accounts having huge balances of ₹1,904.52 crore as of 31 March 2010, of which 235 PD Accounts having balances of ₹111.55 crore remained un-operative during the year.

## 2.8 Recommendations

- Budgetary control should be strengthened by all the Government departments where savings/excesses have been observed. Transfer of funds to Civil Deposits at the fag end of the financial year with a view to avoid lapse of budget should be avoided.
- Regularization of excess expenditure pending from 1993-94 may be taken up on priority basis.

- Issuance of sanctions of re-appropriations/surrenders at the fag end of the financial year and excessive/unnecessary re-appropriation and surrender of funds should be avoided. Budget estimates should be prepared on a realistic basis as there were huge savings of ₹100 crore or more in each case under 13 grants/appropriation aggregating ₹8,579 crore.
- Regular flow of the expenditure should be maintained as there were substantial cases of rush of expenditure in the month of March.
- Supplementary provisions should be obtained after ascertaining the actual requirements of the departments concerned.